

AR50

Annual Report

1969

BASF

Highlights

| In millions of DM | 1967 | 1968 | 1969 |
|--|--------|--------|--------------------|
| BASF Group | | | |
| Net sales | 4 674 | 5 580 | 8 892 |
| Profit after taxes | 250 | 330 | 401 ¹ |
| Earnings per share ² | 10.62 | 13.75 | 15.09 ¹ |
| Number of Employees | 67 339 | 71 729 | 94 685 |
| BASF AG | | | |
| Net sales | 3 517 | 4 057 | 4 516 |
| Capital stock | 1 178 | 1 198 | 1 328 |
| Reserves | 1 303 | 1 378 | 1 490 |
| Total Assets | 4 820 | 5 130 | 6 588 |
| Tangible fixed assets | 2 235 | 2 149 | 2 385 |
| Financial assets | 916 | 1 155 | 1 834 |
| Capital expenditures | 385 | 362 | 663 |
| Depreciation | 452 | 425 | 441 |
| Current Assets | 1 655 | 1 814 | 2 357 |
| Profit before taxes | 507 | 674 | 660 |
| Taxes EEV including LA-VA ³ | 247 | 336 | 306 |
| Profit after taxes | 260 | 338 | 354 |
| Dividend payout | 236 | 263 | 292 |
| Dividend per share ² in DM | 10 | 11 | 11 |
| Earnings per share after taxes (DM) | 11.02 | 14.12 | 13.33 |
| Wages and salaries, compulsory welfare contributions, contributions to pension funds | 884 | 914 | 1 038 |
| Number of Employees | 47 124 | 46 929 | 49 624 |

1 Does not include Rosterg-Estate in the amount of DM 64 million

2 Per BASF share with par value of DM 50.-

3 Taxes on Income and Property including Equalization of Burdens Property Levy

Fiscal Year 1969
Annual Report of BASF AG and
Consolidated German Subsidiaries;
Annual Report of BASF AG,
Report of the Supervisory Board
(Aufsichtsrat)

Badische Anilin- & Soda-Fabrik AG

BASF

We would like to pay our tribute to
those employees who died in 1969.

On May 15, 1969

HELMUTH HENZE

member of the Supervisory Board,
passed away unexpectedly at the age of 63.
The deceased had been a lawyer and
was a member of the Supervisory Board
since 1966. His strength of character,
personal integrity and able counsel were
invaluable assets to our company. We
shall remember him with respect and
affection.

On February 1, 1970,

LEOPOLD FREIHERR

VON SCHRENCK-NOTZING
former member of the Supervisory Board,
succumbed to a serious illness at the
age of 76. A descendant of a family which
has been associated with BASF since
its inception, the deceased served on our
Supervisory Board from 1952 to 1969.
A man of high principles and even dis-
position, he was held in esteem by all
who knew him. We shall revere his
memory.

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8th Annual Stockholders Meeting

to be held May 26, 1970, at 2.30 p. m.
at the BASF-Feierabendhaus,
Ludwigshafen/Rhein,
Leuschnerstrasse 47

Agenda*

1. Presentation of the Annual Statements of BASF AG and of BASF AG and Consolidated German Subsidiaries; presentation of the Annual Reports of BASF AG and Consolidated German Subsidiaries and of BASF AG; presentation of the Report of the Supervisory Board.
2. Declaration of Dividend.
3. Integration of Herbol-Werke Herbig-Haarhaus AG, Köln.
4. Election of a new Supervisory Board.
5. Ratification of the actions of the Supervisory Board.
6. Ratification of the actions of the Board of Executive Directors.
7. Appointment of Auditors for the Fiscal Year 1970.

* The complete agenda with proposed resolutions will appear in the April 17, 1970 issue of the Bundesanzeiger (Federal Gazette).

A view of BASF's Ludwigshafen plant with the Mannheim Oil Refinery in the background







**ANNUAL REPORT
OF BASF AG AND
CONSOLIDATED GERMAN
SUBSIDIARIES
AND OF BASF AG**

Supervisory Board (Aufsichtsrat)

Professor Dr.-Ing. Carl Wurster, Stuttgart
(Chairman)

Dr. rer. pol. h. c. Hermann J. Abs,
Frankfurt/Main (Deputy Chairman)

Dr. phil. h. c. Hans L. Merkle, Stuttgart
(Deputy Chairman)

Rudi Bauer, Ludwigshafen

Professor Dr. rer. nat. Manfred Eigen,
Goettingen

Helmut Henze, Frankfurt/Main
deceased May 15, 1969

Werner Hoeke, Rinkerode

Dr. rer. pol. Kurt Hohenemser,
Frankfurt/Main, member since
October 28, 1969

Heinrich Kemmler, Ludwigshafen

Dr. jur. Bernhard Landmesser,
Neustadt/Weinstrasse

Ingenieur Simon Lazard, Paris

Dr. jur. Hans Karl von Mangoldt-Reiboldt,
Weilheim/Obb.

Jakob Müller, Otterstadt/Pfalz

Dr. jur. Julius Overhoff,
Neustadt/Weinstrasse

Heinrich Ries, Ludwigshafen

Dr. jur. Josef Rust, Kassel,
member since June 4, 1969

Leopold Freiherr von Schrenck-Notzing,
Stuttgart, resigned June 4, 1969

Board of Executive Directors (Vorstand)

Professor Dr. phil. nat. Bernhard Timm
(Chairman)

Dr. phil. Hans Freiensehner
(Deputy Chairman)

Dr. phil. nat. Willi Danz

Dr. jur. Wolfgang Heintzeler

Dr.-Ing. Erich Henkel

Professor Dr.-Ing. Walter Ludewig

Dr. rer. pol. Rolf Magener

Dr. rer. nat. Hans Moell

Professor Dr. phil. Adolf Steinhofer

Deputy Members since January 1, 1970:

Dr. jur. Friedrich Dribbusch

Dr.-Ing. Berthold Frank

Professor Dr.-Ing. Horst Pommer

Heads of Production Divisions (Leiter der Sparten)

Dr. phil. nat. Günther Daumiller

Dr. phil. Hans-Joachim Pistor

Dr. phil. Otto Roser

Dr. rer. nat. Matthias Seefelder

Professor Dr. phil. Dr. sc. nat. habil.
Hans Georg Trieschmann

Executive Officers (Direktoren)

Dr.-Ing. Wolfgang Alt

Dr. jur. Hans-Albrecht Bischoff

Dr. rer. nat. Rudolf Gäh

Dr.-Ing. Wilhelm Mehl

Dr. rer. nat. Friedrich Pyzik

Deputy Executive Officers (stellvertretende Direktoren)

Gustav Ahrens

Dipl.-Ing. Hugo Aldinger

Professor Dr. phil. habil. Ernst Bartholomé

Bernt Berghäuser

Max Bräuer

Dr. phil. Karl Buchholz

Dr. rer. nat. Siegfried Buchholz

Dr. rer. nat. Karl Buschmann

Dr. rer. nat. Günter Cramer

Dr. phil. Bernhard Cyriax

Friedrich Edel

Dipl.-Ing. Heinrich Feldhoff

Heads of Sales Divisions (Leiter der Verkaufsbereiche)

Christian Erasmi

Josef Fischer

Werner Lander

Hans Oesterlin

Dr. rer. nat. Herbert H. Friederich

Dr. rer. nat. Hans Friz

Dr. phil. Hans-Joachim Frost

Dr.-Ing. Kurt Generlich

Dr. rer. nat. Norbert Götz

Dr. rer. nat. Johannes Grohmann

Dr.-Ing. Erich Haarer

Reg.-Baumeister Karl Haisch

Dr. rer. nat. Manfred Heintzeler

Dr. jur. Karl-Ludwig Hermann

Dr. rer. nat. Heinz Hillemann

Dr. phil. nat. Herwig Hoffmann

Dr. rer. nat. Klaus Holzer

Dr. rer. nat. Wolfgang Huber

Dr. rer. nat. Wolfgang Jentzsch

Dr. rer. nat. Kurt Jockers

Dr. rer. pol. Heinrich Jonas

Hubert Karbe

Dr. jur. Jürgen von Knieriem

Dipl.-Chem. Alwin Konrad

Dr.-Ing. Wolfgang Kost

Dr. jur. Helmut Kraft
Dipl.-Kaufm. Richard Kuhn
Dr. rer. nat. Heinz Lange
Dr.-Ing. Friedrich Lorenz
Dr.-Ing. Karl Mahler
Dr. rer. nat. Wolfgang Martin
Walter Marx
Dr. rer. nat. Horst Metzger
Dr.-Ing. Franz-Friedrich Miller
Dr. rer. nat. Manfred Minsinger
Karl Münch
Dr. phil. nat. Werner Nieswandt
Dr. oec. publ. Albert Oeckl
Dr. rer. nat. Karl Opp
Dr. rer. nat. Helmut Pfannmüller
Dr.-Ing. Günter Pöhler
Dr. rer. nat. Heinz Pohlemann
Dr. rer. nat. Ernst Raber
Dr. rer. pol. Anny Reichl
Dr. rer. nat. Werner Reif
Dr. rer. nat. Hans Reinhard
Hans Joachim Rössler
Dr. rer. nat. Norbert Rudolphi
Dr. jur. Robert Schilling
Dr.-Ing. Hans Hellmuth Schönborn
Dr. jur. Gerhard Schornack
Dr.-Ing. Adolf Schwarz
Wolfgang Schwer
Professor Dr.-Ing. Richard Sinn
Rolf Sipplie
Dr. rer. nat. Walter Stilz
Dr. rer. nat. Erich Stöckl
Hans Joachim Stolley
Hans-Werner von Stutterheim
Günther Taeg
Dr. rer. nat. Helmut Thurn
Dr. rer. pol. Karl-Heinz Tillmann
Hans-Jochen Versemann

Dr. agr. Otto Walterspiel
Dr. phil. nat. Hans Weidinger
Dr.-Ing. Karl August Wetjen
Dipl.-Ing. Adolf-Friedrich Wilck
Dr. rer. nat. Herbert Willersinn
Hans Joachim Witt
Dr. rer. nat. Albrecht Würz

As of December 31, 1969

Review of Operations

Expansion Continued

Growth of the BASF Group * in 1969 was marked by vigorous expansion. Growth emphasis, both at home and abroad, shifted to the subsidiaries. For an evaluation of the position of the company, the group figures have thus gained in significance compared to those of BASF AG and those of BASF AG and Consolidated German Subsidiaries.

Net Group Sales of DM 9 Billion

Sales of the BASF Group increased 59.4 per cent to DM 8.9 billion. Net sales of domestic operations increased by 47.5 per cent to DM 6.7 billion.

Without including the figures for companies acquired in 1969, internal growth accounted for a 15 per cent increase of Group sales and a 10.7 per cent increase of sales from domestic operations.

Net sales for BASF AG were DM 4.5 billion, an increase of 11.3 per cent. Sales volume was favored by good market conditions. Due to timely investments, we were able to take full advantage of this development in most areas. For the first time since years, strong demand resulted in a stabilization of prices for some chemical pro-

* The BASF Group is defined as the BASF AG and all companies in which the AG has a participation of at least 50 per cent. Majority holdings are fully consolidated, 50 per cent holdings only to the extent of one-half. Group sales include sales of affiliates (excluding inter-company sales) to the extent their products are sold through the marketing organization of BASF.

ducts. Overall, however, contrary to the general trend of most prices, chemical prices continued downward. Towards the end of the year, the business of BASF AG and other companies of the domestic Group, were adversely affected by the DM revaluation.

Group profit increased by 22 per cent

Profit after taxes for the group increased by 22 per cent from DM 330 million to DM 401 million.

Profit for the fiscal year from domestic operations rose from DM 372 million by 12.1 per cent to DM 417 million.

Excluding profit after taxes of the 1969 acquisitions after-tax profit for the BASF Group increased by 10 per cent while net income of domestic operations increased by 2.3 per cent.

Extraordinary income of DM 64 million from the Rosterg-Estate of Wintershall AG is not included in the above figures.

The fact that profit after taxes for the Group is less than the consolidated profit of domestic operations is due to large foreign subsidiaries which are still being built up.

Profit of BASF AG did not keep pace with sales. Profit after taxes increased by 4.7 per cent to DM 354 million. Profit before taxes of DM 660 million was 2.1 per cent below last year. These results were influenced by the Export Tax during the first 9 months of the year and by the DM revaluation which affected sales in the last quarter. In addition, there was a significant price erosion in nitrogen fertilizers.

Moreover, DM 28 million were charged against after-tax profit to compensate for a difference of book values in conjunction with the Wintershall transaction and the acquisition of Nordmark-Werke GmbH. This is equivalent to creating an undisclosed reserve in like amount.

Dividends: DM 11 per share

We propose payment of a dividend of DM 11 per share on the total capital stock, including the DM 130 million capital increase. The proposed total dividend payout of DM 292 million is almost DM 30 million higher than last year. DM 62 million has been allocated to free reserves (retained earnings).

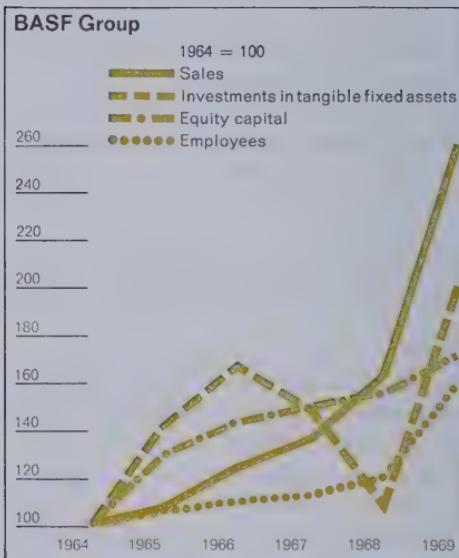
The consolidated income statement shows an increase of DM 132 million in free reserves, which will be increased to DM 144 million after the Wintershall AG stockholders' meeting.

About the Subsidiaries

Wintershall

As a result of the merger with the Wintershall Group, which was explained in detail in our 1968 Annual Report as well as in letters to the shareholders, BASF AG controls about 95 per cent of the common stock of Wintershall AG either through Ge-werkschaft Wintershall or directly.

The Wintershall acquisition has strengthened BASF's position and activities in the field of oil and natural gas. Expansion in this direction is of increasing importance to our company, as a coordinated production of petroleum products and basic chemicals should assure optimal benefit for both industries. Joint efforts with Wintershall in the development of a so-called chemical refinery have been initiated and look promising.



| Dividends | 1965 | 1966 | 1967 | 1968 | 1969 |
|----------------------|------|------|------|------|------|
| per share in DM | | 10 | 10 | 11 | 11 |
| in per cent | | 20 | 20 | 20 | 22 |
| Total millions of DM | 200 | 230 | 236 | 263 | 292 |

Group Sales

Foreign

Domestic



Geographical distribution of foreign sales of the BASF Group

in millions of DM

| | | |
|---|------|------|
| North America | 1968 | 340 |
| | 1969 | 1068 |
| EEC | | 778 |
| | | 1004 |
| EFTA | | 496 |
| | | 641 |
| Asia | | 379 |
| | | 415 |
| South America | | 249 |
| | | 354 |
| Western Europe outside of EEC, EFTA | | 144 |
| | | 290 |
| Eastern Europe | | 181 |
| | | 224 |
| Africa | | 147 |
| | | 132 |
| Central America | | 62 |
| | | 80 |
| Australia | | 44 |
| | | 59 |

Sales

millions of DM

| | 1967 | 1968 | 1969 |
|---------------------|------|------|------|
| BASF Group | 4674 | 5580 | 8892 |
| Domestic | 2371 | 2759 | 4624 |
| Foreign | 2303 | 2821 | 4268 |
| Domestic production | 4265 | 5019 | 7482 |
| thereof exports | 1894 | 2260 | 2858 |
| Foreign production | 409 | 561 | 1410 |
| BASF AG | 3517 | 4057 | 4516 |
| thereof exports | 1677 | 1978 | 2214 |

Wyandotte

After the BASF Group had initially acquired over 10 per cent of the common stock of Wyandotte Chemicals Corporation BASF Overzee N. V., with the support of the Wyandotte management, made an offer to purchase all remaining outstanding shares at \$ 33.50 per share. The offer was accepted by the great majority of Wyandotte's shareholders and the BASF Group now owns over 99 per cent of the common stock of Wyandotte. Total expenditures for the acquisition amounted to US\$ 93.7 million.

Wyandotte is actively engaged in the fields of inorganic and organic basic chemicals, urethane chemistry and cleansing systems. Wyandotte's 1969 sales were \$ 153 million. Its two main plants are located in Wyandotte, Michigan, and Geismar, Louisiana. The company operates eight other production facilities in the USA.

To take full advantage of Wyandotte's strong position in basic chemicals it is planned to upgrade existing product lines through close technical cooperation and the use of BASF know-how and to broaden the production program by adding new profitable items. These plans will supplement the operations of the BASF Corporation in the United States with its emphasis on dyes and plastics.

Elastomer AG

In June 1969 BASF acquired a 50 per cent interest in Elastomer AG, Chur, Switzerland. Elastomer is the holding company for a group of specialty firms, active in the production, processing and application of polyurethane. The Elastomer Group has shown dynamic growth. Demand is strong for many of the Group's products and application technology. Sales in 1969 increased by about 50 per cent to DM 90.9 million.

BASF-Sümerbank

A new company, BASF-Sümerbank Türk Kimya Sanayii A. S., Istanbul, Turkey, in which we have a 60 per cent interest, was established. Some DM 27 million is being spent on the construction of plants for the production of adhesives, polymer dispersions, and chemicals for the textile, paper and leather industries.

Latin America

We acquired a number of specialty firms in Brazil, Chile and Colombia to strengthen our position in these countries. Near Rosario, Argentina, plants are being built for the production of [®]Styropor, polymer dispersions, auxiliaries and dyestuffs.

Research Expenditures up 29 per cent

Research and Development expenditures of the BASF Group amounted to DM 397 million. Research expenditures of the BASF AG during 1969 increased by DM 77 million to DM 341 million. Of this amount DM 85 million was invested in pilot plants and laboratories.

The expansion of the BASF Group provided new challenge for our research. Particularly in the area of basic research, our research laboratories were able to give valuable assistance to our subsidiaries and affiliates.

To devote the necessary attention to new areas of activity in the company, an above average expansion of our research capacity was required. As a result the number of employees in the laboratories and pilot plants of BASF AG increased by 7 per cent to 9300 persons, 1050 of whom have degrees in science. Particular attention had been given to the continuing scientific education of our employees.

Capital Expenditures of DM 1.2 billion

Expenditures for tangible fixed assets in 1969 were 1244 million which represents the largest amount ever invested in the history of the company. These investments are part of an expansion program that will extend over a period of several years. Major capital expenditures went into chemicals, plastics, and fibers. Foreign investments were concentrated in North and Latin America to take advantage of the opportunities offered by these markets. BASF Antwerp, as well as the Rheinische Olefinwerke and Phrix, were significantly expanded. Investments in subsidiaries and affiliated companies totaled DM 581 million. Another DM 250 million was invested in these companies by our partners. BASF AG invested DM 663 million. Depreciation and retirements of fixed assets for 1969 were DM 455 million.

Significant Developments in the early months of 1970

As of January 1, 1970 we sold our 25.39 per cent interest in Cassella Farbwerke to Farbenfabriken Bayer AG for DM 65 million. At Bayer's request the Cassella stock was transferred to Farbwerke Hoechst AG.

Also as of January 1, 1970 Farbenfabriken Bayer AG sold its 25.6 per cent interest in Herbol-Werke Herbig-Haarhaus AG to BASF AG for DM 18.7 million. BASF AG has sold its wholly-owned limestone facilities at Steeden.

In February 1970 a DM 83 million contract was signed with the Government Trading Corporation "Techmashimport" for the delivery of an AH salt plant to the Soviet Union.

The assembling of a pilot plant -
Research in dimensions of regular production





Outlook

Due to the revaluation of the DM and the various measures taken in the area of economic policy an assessment of the future development of the domestic economy is rather difficult. Nevertheless, we expect 1970 to be a year of further substantial growth for the BASF Group.

So far in 1970 sales, both domestic and foreign, show a rising trend which we hope will continue, so that not only Group sales but Group profits, as well, will surpass those of 1969.

Fields of Activity



Plastics

During 1969 we again achieved an above average growth rate in the plastics field. While world production rose by 18 per cent, our sales increased by 21 per cent.

With plastics coming more and more into use as basic engineering materials continuously expanding production becomes a necessity. Production units of optimum size are required to compete successfully in the international market.

This is especially true with respect to the intermediate materials from which plastics are made. For the most important plastic intermediate Ethylene – basic product for the three major plastics polyethylene, polyvinylchloride, polystyrene – the Rheinische Olefinwerke at Wesseling near Cologne

started operating a plant with a yearly capacity of 300 000 tons. Meanwhile plants with a yearly output of 450 000 and even of 1 000 000 tons are in the planning stage. From the standpoint of our raw materials, therefore, we have developed a sound technical and economic base of raw materials which will enable us to further strengthen our position as Europe's leading plastics manufacturer.

Expansion of the Production Facilities

Our main production facility for polyethylene is the Rheinische Olefinwerke, which currently has an annual production capacity of 500 000 tons. In addition to other polyolefins such as ®Novolen, for which production capacity is being tripled in view of its excellent market acceptance, the entire ®Lupolen line is manufactured here. To assure prompt and efficient deliveries to customers additional production facilities for our standard brands were started up in Antwerp, Marseille and Vienna. Plant capacities have also been enlarged for production of our traditional plastic, polystyrene. While at Rheinische Olefinwerke large new units were being installed for production of the intermediate ethyl benzene and monostyrene, in Ludwigshafen polymerization capacity was also further increased. In particular, this includes a polystyrene unit with a 100 000 ton yearly capacity. Additional new units are going up in Antwerp.

Special Plastics

Aside from the three major types of plastics already mentioned, others like polyamid, polyester resins, polyurethane and polyformaldehyde are steadily gaining in importance, especially in technical applications. In 1969 these products demonstrated remarkable growth and are certain to have an assured market in the years ahead.

In response to these developments, we have increased our [®]Ultramid and [®]Palatal capacity considerably. Both product lines were enlarged by additions of new special types.

In the field of polyformaldehyde, Degussa and BASF decided to cooperate. In order to take full advantage of the research and development work undertaken by both companies the Ultraform GmbH was formed in which each company holds a 50 per cent interest. The production facilities for polyformaldehyde will be built at Ludwigshafen.

We participate in the polyurethane market in Europe through our affiliate Elastomer AG, Chur, Switzerland, and in the USA through Wyandotte Chemicals Corporation. The raw materials required for this plastic are manufactured at Ludwigshafen, Antwerp, Geismar and Detroit.

New Developments

Several years ago after we had enlarged our product line with a particularly high impact ABS-type, we were able, with the development of [®]Luran S, to produce a new plastic with improved weather re-



Buggy made of Luran S

sistant properties. This product can actually be used for the exterior parts of automobiles. Like other ABS plastics, Luran S can be formed cold so that one can achieve the same short production cycles in mass production as are achieved with sheet steel.

To meet the demand of the market for a plastic with higher temperature resistance a new polystyrene type was developed able to withstand temperatures of 110 degrees C. For even higher temperature-resistance requirements, we



Shock proof packaging with Styropor

succeeded in developing a new polyamide that is as crystal clear as polystyrene but melts only at temperatures over 150 degrees C. Production of this plastic is planned for the second quarter of 1970.

The construction industry is becoming an ever more important market for plastics. On the one hand, there are the synthetic materials PVC and polyethylene used in tiles, pipes and other shapes; on the other hand, our foam materials based on expandable polystyrene found

increased application especially for insulation purposes. An interesting new development is the new HT-Foam-BASF. Used for tiles, this expandable product meets all three important requirements for a building material used in light construction. It is a good sound and heat insulator, has high fire resistance properties and high mechanical strength, so that these tiles can be used as a self-supporting nucleus.

Another important market for plastics is the packaging industry. Styropor is

especially suitable for the protection of delicate merchandise and it is increasingly being used in the shipping of fruit and vegetables.

A rapidly expanding application is found for shrinking foil made of Lupolen. This foil makes it possible to transport various products on pallets. The foil is prepared in such a way that it wraps itself tightly around the merchandise when it passes through a heat tunnel. Thus it prevents the wrapped merchandise from slipping.

Improvements and new developments of our polyester resin Palatal constantly open new modes of application for this product. Due to its high resistance against corrosion by saltwater and its high mechanical stability it finds application in ship building. Today fishing boats over 20 meters in length are being made of this material. Furthermore, the product can be used in the construction of heating oil storage tanks.

Fishing boat with hull of fiber-glass reinforced Palatal



Fibers and Fiber Intermediates

Our production capacity for fiber intermediates was expanded in 1969 and several new items were added to the product mix. Additional facilities are now being built in Antwerp for the production of AH salt and caprolactam, intermediates for Nylon and [®]Perlon fibers. With its acrylic fiber capacity plus the polyester and Nylon fiber facilities completed toward the end of 1969 it is now possible for Dow Badische to offer the American market a full line of the three principal fibers. Nylon carpet fiber production is falling behind demand and further expansion of this line is planned. Recently Dow Badische introduced the metal fiber Zefstat on the American market. Added to carpet fibers, [®]Zefstat inhibits the occurrence of static electricity. In 1969 Dow Badische Co., USA, Phrix Werke AG, Hamburg, and Lurex N.V., Amsterdam, took further steps to strengthen their competitive position in the fiber market. This meant creating improved and economically optimal production units, broadening the range of products and developing new specialty items of interest to the market. With completion of the initial phase of the expansion program at the Neu-muenster plant of the Phrix Werke AG, expanded modern facilities will become available for the manufacture of Perlon silk, polyester silk and Perlon carpet fibers. In Krefeld, expanded capacity is under way for the acrylic fiber [®]Redon.

In the field of cellulose fibers, Phryon, the new polinose fiber, has had good acceptance because of its cotton-like strength and stretch properties. This means that progress is being made toward processing low cost cellulose by means of new chemical and technological processing methods into fibers possessing all the features of cotton.

BASF and Carl Freudenberg, Weinheim, have jointly established Lutravil Spinnvlies GmbH. & Co., Kaiserslautern. This company will produce fleece not by the conventional method using staple fibers but by the use of continuous fibers. Spun fleece finds extensive application in such fields as the manufacture of fillers or floor coverings.







Wear test of Acronal bonded needle fleece floor

Dispersions and Adhesive Resins

Dispersion sales again increased substantially in 1969. This was principally due to the varied application possibilities of products in this group. Depending upon the particular requirements specific properties can be obtained for application in a wide diversity of areas. The paper industry constitutes an important market, as it is compelled to adjust to constantly higher quality standards required in the printing trade and must manufacture ever higher qualities of coated paper.

®Acronal and ®Styronal, used as bonding agents in surface improvement, have shared fully in this growth and have in many cases completely displaced the natural products, casein and starch. Our new self-attaching ®Diofan dispersions provide protective coatings on plastic-foils, a process long known in paper manufacture. These dispersions, however, improve vapor and aroma proofing properties in the product as well as resistance to oil and grease.

Due to the growing demand for textile



Coating of Styropor from materials with Acronal-based binders

floor coverings we have added further to our specially adapted Acronal and ®Butofan lines both products being used with fiber fleece to bind and strengthen floor coverings.

There is an obvious trend in industry and in the crafts towards the use of adhesive products such as labels and adhesive tape. Even the every-day usage of adhesive wall coverings and carpet sections is growing more and more with the trend towards the "do-it-yourself" approach.

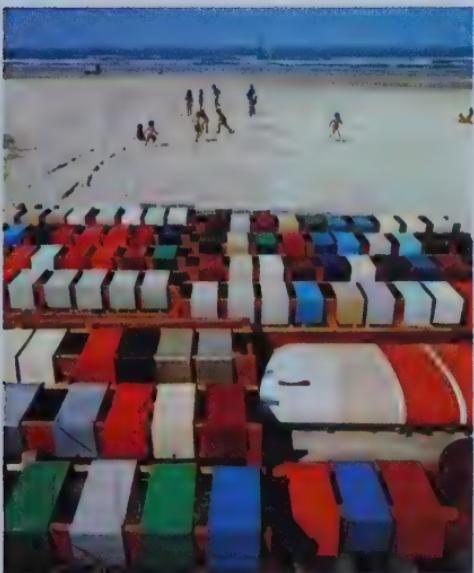
We have developed a large assortment of adhesive raw materials such as dispersions and solvent agents and participate increasingly in this expanding market.

We were also able to provide an agent to be combined with adhesives which inhibits mold formation on particle boards. This new product ®Kauretox is used mainly in the manufacture of light roofing particle boards for which permanent fungus protection is required by law since 1970.



| Underwater laboratory Helgoland - protective coating of Glasurit paint

Weather resistance test in the Praia Grande at Santos, ▷
South America



Surface coatings and surface coating raw materials

BASF AG and its subsidiaries Glasurit-Werke M. Winkelmann AG, Hamburg, Herbol-Werke Herbig-Haarhaus AG, Cologne, and Dr. Beck & Co. AG, Hamburg, offer a large assortment of surface coatings and raw materials.

Sales of the surface coatings group increased considerably in 1969. The upward sales trend of raw materials and solvents was slowed down during the second half of 1969 as full capacity was reached.

The most satisfactory expansion of our acrylic resins business continued; this holds true for all three types, namely,

those containing solvents, water-base paints and oil-base paints. In this field the electrostatic application of powder coatings received the greatest attention. This process does not need any solvents and replaces in many cases enameling as well as other conventional surface coating processes.

Among our new developments it is worthwhile to mention our polyester resins which can be hardened by ultra-violet treatment in a matter of seconds. Due to this fact, they have opened up new markets for the surface coating industry and offered new possibilities of rationalization in the manufacturing of furniture. Particle board treated with this particular



BASF research laboratory for textiles

product can receive a final surface finish in the form of varnish, plastic or veneer finish without additional treatment.

Dyes, auxiliaries and finishing agents

We have been trying for several years now to improve our intermediate products and rationalize our total dyestuff production. In several respects the year 1969 brought considerable success. In addition to many process improvements we developed new syntheses on a petrochemical basis which are vital to the production of these intermediates.

Our dyestuff business was especially good in the non-textile area. One of the main efforts of our research and development concentrated on developing appropriate dyes for specific applications. This approach led to the introduction of our new [®]Azidol assortment: it is used in the dyeing of nylon fibers for the rapidly expanding market in textile floor coverings.

[®]Paliotol pigments were developed especially for the surface coating industry. The development of this new pigment assortment was achieved by simply applying the proven principle of soluble "metal-complex" dyestuffs to insoluble organic pigment dyestuffs. This new assortment can be produced at competitive prices; it shows high weather resistance and unusual light fastness. The pigments find their main application in automobile finishes.

In order to strengthen our pigment interests in Australia, BASF Australia Ltd. and Imperial Chemical Industries of Australia



and New Zealand Limited, Melbourne (ICIANZ), formed a joint venture to produce pigment dyestuffs. The new company, Pigment Manufacturers of Australia Ltd., began operations on January 1, 1970. It acquired the production facilities of ICIANZ at Laverton, Victoria. The products of this new company will be sold by both parent companies.

Intensive research assured growing penetration of our auxiliaries and finishing agents into all spheres of the manufacturing trades. In 1969, we acquired several speciality companies in order to complement our own production: Brasitex Polimer Industrias Quimicas S.A., São Caetano do Sul near São Paulo, Quimica Proco S.A. Medellin, Colombia and a Canadian enterprise, Keiner & Company Ltd., Toronto.

A major user of pigments is the automobile industry – street scene in New York City



Agricultural Products

Fertilizers

Fierce competition prevailed throughout the year in the nitrogen fertilizer area and prices and profits deteriorated once again. We succeeded in the airtight packaging of a major part of our composite fertilizers. This method facilitates transport, storage, and use. Fertilizers distributed in this new package enjoy great popularity. At the agricultural testing station Limburgerhof research is being done on the development of new methods which will save time and facilitate fertilizing of the soil.

Soil Improvement

Due to our success with [®]Hygromull, a synthetic soil improvement agent, BASF Terratec GmbH, Ludwigshafen was formed in order to promote this promising development more intensively. This company will undertake the production and mechanical dispersion of Hygromull. Hygromull improves growth conditions of the soil, specifically its moisture content and

structure, in such a way that plants are given optimal growing conditions. It will find application mainly in the vineyards and in the growing of fruits and vegetables as well as in the general improvement of garden soil and the betterment of arid soil.

Animal feed supplements

Cholinchlorid in powder form was well received. It is used in animal breeding to activate fat metabolism. Production capacity has already been reached.

Propionic acid is used for the preservation of mixed fodder and silage. Expectations for this application are high.

Plant protection agents

[®]Pyramin, our herbicide that has been successful for years, increased its market penetration. [®]Calixin a new fungicide that becomes effective through the fluids of the plant was introduced a year ago. It proved to be a strong agent against grain mold and is in high demand.



We succeeded in the development of a new effective wood preservation agent. In order to find commercial application, we acquired part of Dr. Wolman GmbH., Sinzheim, an enterprise well known and successful in this particular field.

In an effort to develop plant protection agents effective in all climates, BASF runs experimental farms (in addition to Limburgerhof) in Greenville, Mississippi, USA, Utrera in Spain and Nelspruit, Transvaal, South Africa. A new biological laboratory

for the research of herbicides and fungicides will start operations shortly at Limburgerhof.

Microscopic view of a dissected parasite -
study of physiological processes for the development
of plant protection agents

The new medicinal finishing facilities at
Nordmark Werke, Uetersen/Holstein



Pharmaceuticals

At the Ludwigshafen facilities, we are concentrating our effort on long-term research projects to solidify our position in the pharmaceutical industry.

Our medical-biological research will be primarily concentrated on heart studies and blood circulation, peripheral and central nervous systems, inflammations and allergies.

At the Nordmark Werke efforts were directed towards medicinal developments. This enables us to adapt our product

lines continuously to the requirements of hospitals and practicing doctors; the new laboratories housed in a spacious modern building will be of vital importance in this respect.

During 1969 we complemented our product lines by adding several new specialty items. Our marketing staff was strengthened in order to be able to introduce these new products as quickly as possible to hospitals and private practitioners.



Magnetic Recording Media

Sales of our entire line of data storage media showed above average growth. We increased our market share, especially abroad. All production facilities at Ludwigshafen, at Willstätt, in France and in the USA were expanded. However, demand for our products was so great that it could not be fully met inspite of the expanded production facilities. We were able to introduce a high-output, low-noise Audio tape line in which a special oxide is used that was developed by us. Its high quality has set new standards for the industry.

Production of magnetic disc packs and computer tapes has been more than doubled; their market share has further increased. In an effort to consistently broaden our activities in this field, we have undertaken the manufacture and sale of drives for disc packs. Our dealer organization has been expanded so that we are able to provide purchasers of the new product with the appropriate services.

In the future our activities will include the field of educational systems to meet the rapidly growing demand for programs and technical equipment used in modern teaching methods. The newly formed BASF automation Heidelberg GmbH is in charge of production and development in this new field.

©Nyloprint

A few months after production started our high pressure offset printing plate has gained acceptance in important fields of application. We are now introducing it abroad on a large scale. In response to the high demand we have started expanding our production capacity and sales organization.

Nyloprint is used not only in the conventional printing technique but also permits the application of photo type setting, one of the major prerequisites to make book printing more efficient. All Italian and some German telephone directories are already being printed by this process using Nyloprint plates.

Chemicals and Raw Materials

Aliphatic and cycloaliphatic amines are important intermediate products for the processing chemical industry. BASF is the largest producer of these materials in Europe and can thus offer an especially wide range of products. Our butylene oxidazation process has proven to be very economical in the production of maletic anhydride acid, the major component of unsaturated polyester resins. We have started the construction of a major plant and are involved in license negotiation with numerous interested parties.

Ethylene oxide and its derivatives have always played an important role in our product line. Demand has grown so strongly that we have built facilities at our Antwerp works, with an annual capacity of 100,000 tons of ethylene oxide. Production has already started.

Raw Materials

At the present time we are exploring the possibility of producing ethylene from crude oil. The pilot plant is now working according to the fluid bed process and should provide constructive data which are to be used in the actual production plant.

We are building a new plant for sulphuric acid based on elemental sulphur with a daily capacity of 600 tons.

Power Supply

More steam-generating plants were needed to meet ever increasing steam requirements at the Ludwigshafen works.

The first unit with a generating capacity of 400 tons per hour went on stream in early 1970; two additional units will follow. In conjunction with the planned nuclear-powered generators these low pressure steam generators will supplement the nuclear generators during peak periods and will also be used as reserve units whenever the nuclear generators are non-operational. The boilers' rapid start-up equipment provides full power within a few minutes.

Air- and water Pollution Control

BASF designed a canal system along the Rhine river by which waste-water is to be channelled through a series of canals into a reservoir; under construction for several years at the Ludwigshafen works, important sections have been completed. Right now we are building a pilot purification plant that will become operational mid-1970. It will serve to find out and test the adequate dimensions of biological purification and sewage treatment. Expenditures for this project are estimated to reach DM 155 million.

Total waste gas emission has dropped inspite of increased production. Dust pollution has decreased below legally required standards for exclusively residential areas. We are continuing to reduce waste gas emission at older plant facilities.



Major subsidiaries and affiliated companies *

| Domestic | Consolidated | Foreign |
|--|--------------|--|
| Wintershall AG Kassel Capital Stock: DM 176 million | approx. 95 % | BASF Antwerpen N. V. Antwerpen, Belgium Capital Stock: 3000 million Belg. Francs 100 % |
| Glasurit-Werke M. Winkelmann AG Hamburg Capital Stock: DM 48 million | 100 % | Suma S. A. Gien/Loiret, France Capital Stock: 6.116 million French Francs 100 % |
| Gewerkschaft Auguste Victoria Marl i. W. Capital Stock: DM 30 million | 100 % | BASF Española S. A. Barcelona, Spain Capital Stock: 500 million Pesetas 75 % |
| BASF Kraftwerk Marl GmbH Marl i. W. Capital Stock: DM 25 million | 100 % | BASF-Sümerbank Türk Kimya Sanayii AS, Istanbul, Turkey Capital Stock: 60 million Türk. Pounds 60 % |
| Nordmark-Werke GmbH Hamburg Capital Stock: DM 20 million | 100 % | Ammoniak Unie N. V. Utrecht, Netherlands Capital Stock: 16 million Dutch Guilders 50 % |
| Herbol-Werke Herbig-Haarhaus AG Köln Capital Stock: DM 10 million | over 98 % | Compagnie Chimique de la Méditerranée Berre-l'Etang, France Capital Stock: 30 million French Francs 50 % |
| Dr. Beck & Co. AG Hamburg Capital Stock: DM 3 million | 100 % | Dispersions Plastiques S. A. Paris, France Capital Stock: 3.3 million French Francs 50 % |
| Chemische Düngerfabrik Rendsburg Rendsburg Capital Stock: DM 1.2 million | 100 % | Badische Phillips Petroleum N. V. Antwerpen, Belgium Capital Stock: 200 million Belg. Francs 50 % |
| Not Consolidated | | Danubia Olefinwerke Ges. m. b. H. Schwechat bei Wien, Austria Capital Stock: 150 million Austr. Shillings 50 % |
| Phrix-Werke AG Hamburg Capital Stock: DM 154 million | 50 % | BASF India Ltd. Bombay, India Capital Stock: 7 million Ind. Rupees 50 % |
| Rheinische Olefinwerke GmbH Wesseling, Bez. Köln Capital Stock: DM 140 million | 50 % | |
| Ultraform GmbH Ludwigshafen Capital Stock: DM 5 million | 50 % | |
| Elastogran GmbH (via Elastomer AG, Chur/Switzerland) Lemförde Capital Stock: DM 2.25 million | 50 % | |
| Chemische Fabrik Holten GmbH Oberhausen-Holten Capital Stock: DM 8 million | 46 % | |
| Duisburger Kupferhütte Duisburg Capital Stock: DM 42 million | approx. 31 % | |

| | | | |
|---|-----------|---|-------|
| BASF Overzee N.V. | 100 % | BASF Transatlantica S.A. | 100 % |
| Willemstad, Netherland Antilles | | Panama | |
| Capital Stock: 131 751 000 Netherl. Antilles Guilders | | Capital Stock: 14 million US Dollars | |
| | | | |
| BASF Corporation | 100 % | BASF Mexicana S.A. | 100 % |
| New York, USA | | Sta. Clara, Edo. de Mexico | |
| Capital Stock: 9 680 000 US Dollars | | Capital Stock: 30 million Mexican Pesos | |
| | | | |
| BASF Systems Inc. | 100 % | BASF Brasileira S.A., Indústrias Químicas, São Paulo, Brasil | 100 % |
| Bedford, Mass., USA | | Capital Stock: 26 500 000 New Cruzeiros | |
| Capital Stock: 3 072 300 US Dollars | | | |
| | | | |
| BASF Canada Ltd. | 100 % | BASF Argentina S.A.I.C.I.F. y M. | 100 % |
| Montreal, Canada | | Buenos Aires, Argentina | |
| Capital Stock: 4.65 million Canadian Dollars | | Capital Stock: 7.4 million Argent. Pesos | |
| | | | |
| Wyandotte Chemicals Corporation | over 99 % | Química Proco S.A. | 100 % |
| Wyandotte, Michigan, USA | | Medellín, Colombia | |
| Capital Stock: 88.2 million US Dollars | | Capital Stock: 6 500 000 Col. Pesos | |
| | | | |
| Dow Badische Company | 50 % | Suvinil S.A. Indústria e Comércio de Tintas | 60 % |
| Williamsburg, Virginia, USA | | São Bernardo do Campo, Brasil | |
| Capital Stock: 137 197 600 US Dollars | | Capital Stock: 3 968 627 New Cruzeiros | |
| | | | |
| Lurex N.V. | 50 % | Sulfisud Fábrica Argentina de Hidrosulfito y Afines S.A., Buenos Aires, Argentina | 50 % |
| Amsterdam, Netherlands | | Capital Stock: 100 million Argent. Pesos | |
| Capital Stock: 10 128 000 Dutch Guilders | | | |
| | | | |
| BASF Chemiewerte AG | 100 % | Glasurit Combilaca S.A. Indústrias de Tintas, São Bernardo do Campo, Brasil | 60 % |
| Zürich, Switzerland | | Capital Stock: 8 160 000 New Cruzeiros | |
| Capital Stock: 10 million Swiss Francs | | | |
| | | | |
| BASF Australia Ltd. | 100 % | | |
| Melbourne, Victoria, Australia | | | |
| Capital Stock: 1 million Australian Dollars | | | |
| | | | |
| Pigment Manufacturers of Australia Ltd. | 50 % | | |
| Laverton, Victoria, Australia | | | |
| Capital Stock: 1.6 million Australian Dollars | | | |
| | | | |
| Yuka Badische Company Ltd. | 50 % | | |
| Yokkaichi, Mie Pref. Japan | | | |
| Capital Stock: 400 million Yen | | | |

* as of January 1, 1970
simplified format

Important direct and indirect subsidiaries and affiliated companies

Domestic

Wintershall Aktiengesellschaft, Celle

| | |
|--------------------|---|
| Holding acquired: | 1968/1969 |
| Capital Stock: | DM 176 million |
| Holding: | appr. 95 per cent (Control agreement) |
| Products: | mineral oil products, crude oil, natural gas, fertilizers, salt, pressure-molded products |
| Employees: | 13 138 (Group) |
| Sales: | DM 810 million |
| Capital expendit.: | DM 52 million |

The Wintershall group and its domestic and foreign subsidiaries reached a sales level of DM 1 811 million. Mineral oil products contributed DM 1 153 million, fertilizers and salt DM 649 million; other sales accounted for DM 9 million.

Profits for the fiscal year of Wintershall AG amounted to DM 105.5 million, this sum includes an extraordinary income item of DM 64.3 million from the liquidation of the Rosterg Estate. The Board of Executive Directors allocated DM 52.7 million to free reserves – the largest amount allowed under Article 58, Section 2, Corporate Law. Furthermore it was proposed to allocate another DM 11.3 million to free reserves so that after deduction of additional expenditures of DM 6.6 million according to Article 174, Section 2, paragraph 5, Corporate Law, a profit of DM 34.8 million remains for distribution. This amount would enable the company to pay a 19.8 per cent dividend.

The Wintershall group intensified its exploration activities in an effort to boost oil and gas sales. Drilling in 1969 increased by 16 per cent over last year to 50 000 meters. Domestically, five new natural gas deposits were discovered.

Abroad, the search for crude oil centers in



Drilling lorry in potash mining of Wintershall AG

Libya; here further developments depend on two variables: political factors and how much production will be created by the continuation of drilling.

Processing of mineral-oil rose by 8.3 per cent to an annual tonnage of 7.2 million. The Crude-Oil Refinery Mannheim (Wintershall owns 60 per cent), which provides BASF Ludwigshafen with some of its petrochemical raw materials, increased its yearly processing capacity by one half to 3.6 million tons. The Crude-Oil-Refinery Emsland in Lingen is presently engaged in a DM 80 million capital expenditure program. This expansion will enable Emsland to increase its high octane

gasoline production and to commence paraffin production; this product will be processed further to biodegradable detergents at Wibarco, an affiliate presently under construction.

Wintershall sells its mineral oil products mainly through ARAL AG, Bochum (Wintershall holds 15 per cent) and through ARAL's affiliate Gasolin AG, Berlin/Hannover.

The following may be reported in respect to affiliated companies active in the nitrogen fertilizer field:

Wintershall increased its holdings in Guano-Werke AG to over 95 per cent. Gewerkschaft Victor (Wintershall holds a

50 per cent interest) is building a new ammonia plant at an estimated cost of DM 80 million. Pec-Rhin, the fertilizer plant in Ottmarsheim, France (Wintershall holds 50 per cent) is in the initial stage of operation since early 1970.

Potash sales within the group totalled 1 226 000 tons K₂O. Alwinal Potash of Canada Ltd., Regina, Canada (Wintershall indirectly owns 25 per cent) produced 155 000 tons K₂O.

Unfavorable worldwide price developments in potash will force the need for increases in production efficiency in this field.

Wintershall AG has acquired 43.4 per cent of the capital stock of Salzdetfurth AG. This acquisition was effected essentially through an exchange of Salzdetfurth shares for BASF shares at the ratio of 2 : 1. The BASF shares needed for this transaction were taken from the holdings of 42 million par value of BASF share that Wintershall received in conjunction with the Rosterg Estate settlement and its incorporation into the BASF group. Wintershall disposed of its remaining BASF shares i. e. those not needed for the Salzdetfurth transaction, before the 1969 year end.

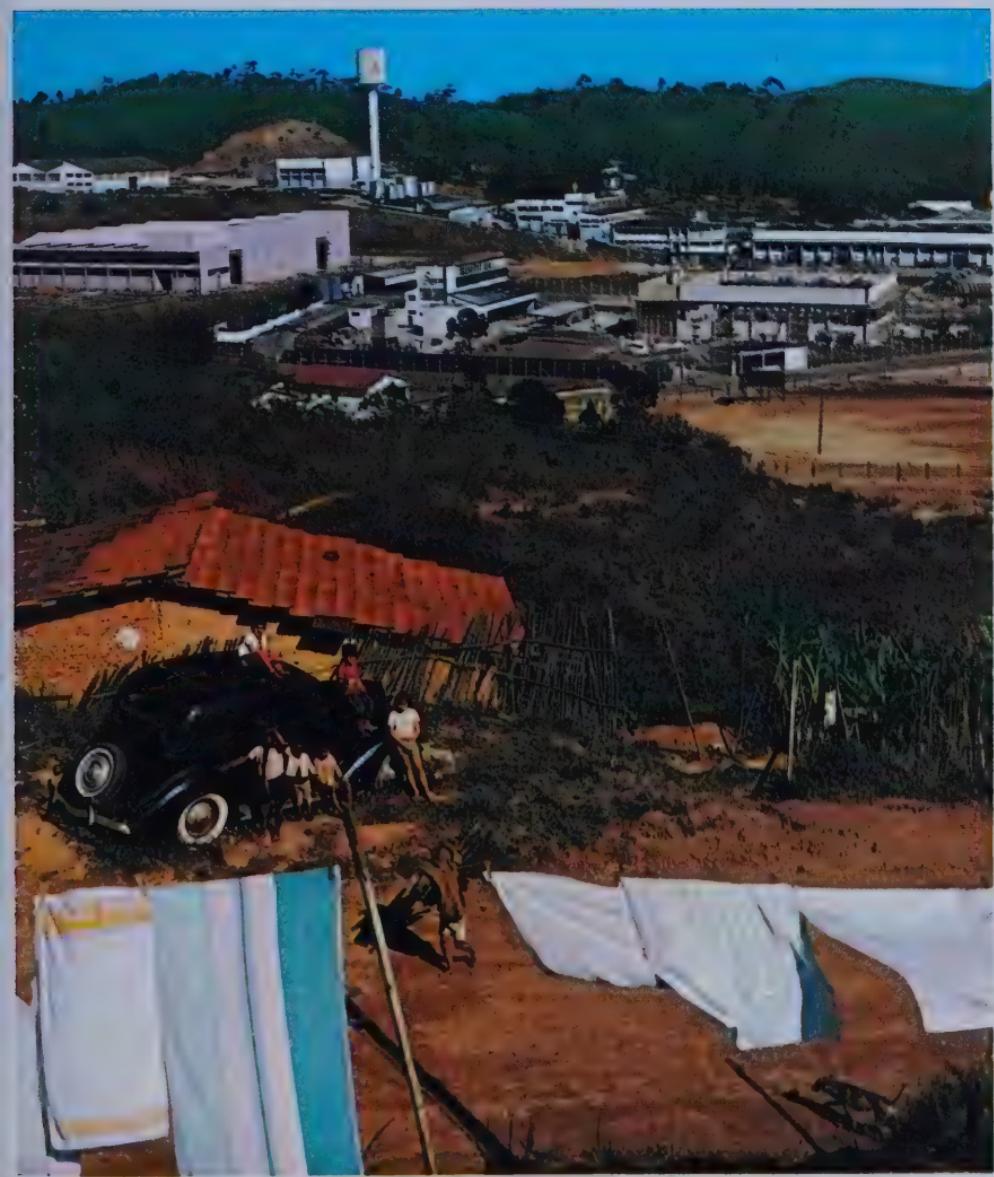
Glasurit-Werke M. Winkelmann AG, Hamburg

Holding acquired: 1965
Capital Stock: DM 48 million
Holding: 100 per cent
Products: Paints and other protective coatings
Employees: 3001
Sales: DM 223.4 million
Capital expendit.: DM 7.1 million

Sales increased in 1969 by 14.6 per cent over last year and amounted to DM 280.2 million, including sales of all domestic and foreign affiliates. In mid-1969, Glasurit bought the Baustoff-Chemie Dr.-Ing. Georg Kropfhammer KG and Deuka Kunststoffe GmbH, Traunreut. Both companies were merged into Compakta-Werke Baustoff-GmbH.

In addition, it acquired a participation in Urruzola S. A., Madrid, one of the leading Spanish paint manufacturers.

Glasurit's profit for the fiscal year reached DM 15.5 million. Profits were used to pay a dividend of 22 per cent for 1969 and to build up free reserves by DM 5 million.



Gewerkschaft Auguste Victoria, Marl i.W.

| | |
|--------------------|------------------|
| Holding acquired: | 1907/1953 |
| Capital Stock: | DM 30 million |
| Holding: | 100 per cent |
| Products: | Coal |
| Employees: | 5214 |
| Sales: | DM 173.8 million |
| Capital expendit.: | DM 3.8 million |

Due to favorable market conditions and the highly developed technical level of operations, results were again very good. Output per man and per underground shift increased by 7.9 per cent to 4 269 tons, which is about 13.1 per cent above the average Ruhrmine output. Coal production rose to 2.6 million tons, 3.9 per cent above last year's figure.

Sales increased by 16.8 per cent. This high volume was helped by the extensive reduction of coal stock piles.

DM 13.5 million out of DM 13.7 million of undistributed profits for 1968 were allocated to a reserve. The remaining DM 0.2 million were carried forward to 1969.

Profits for the fiscal year 1969 amount to DM 7.2 million; DM 4.4 million were transferred to the reserve. Including the 1968 profit carry forward, this leaves undistributed profits of DM 3.0 million.

This amount was distributed to the parent company at the beginning of 1970.

The Gewerkschaft Auguste Victoria did not join the Ruhrkohle AG in order to be able to retain and continue its technical-economic ties with the BASF Group.

Since a joint sales organization for Ruhr coal mining no longer exists, as of January 1, 1970, Gewerkschaft Auguste Victoria will sell all the coal which cannot

be sold within the BASF Group independently under the name AV-Ruhrkohle.

BASF Kraftwerk Marl GmbH, Marl i.W.

| | |
|--------------------|-----------------|
| Holding acquired: | 1962 |
| Capital Stock: | DM 25 million |
| Holding: | 100 per cent |
| Products: | Electricity |
| Employees: | 216 |
| Sales: | DM 48.1 million |
| Capital expendit.: | DM 0.3 million |

Gewerkschaft Auguste Victoria supplied enough low-grade coal to provide the total fuel requirements of Kraftwerk Marl; in return it took up 92 million of the total production of 1465 kilowatt hours. 1274 kilowatt hours were supplied to the BASF works at Ludwigshafen through the network of RWE (Rheinisch Westfälische Elektrizitätswerke).

Profit for the fiscal year reached DM 5.8 million.

Nordmark-Werke GmbH, Hamburg

| | |
|--------------------|-------------------------|
| Holding acquired: | 1963 |
| Capital Stock: | DM 20 million |
| Holding: | 100 per cent |
| Products: | Pharmaceutical products |
| Employees: | 975 |
| Sales: | DM 57 million |
| Capital expendit.: | DM 4.2 million |

During its first year of operations after its acquisition by BASF, business developed according to plans. Domestic and foreign sales growth corresponded to industry averages. Undistributed profits amounted to DM 6.7 million.

Dr. Beck & Co. AG, Hamburg

| | |
|--------------------|--|
| Holding acquired: | 1967 |
| Capital Stock: | DM 3 million |
| Holding: | 100 per cent |
| Products: | Insulating lacquers and synthetic resins for the electrical industry |
| Employees: | 274 |
| Sales: | DM 25.2 million |
| Capital expendit.: | DM 1.5 million |

Total sales went up by 6 per cent over last year. Domestic sales rose by 15.4 per cent, whereas exports decreased by 4.5 per cent due to increased production abroad.

Including the Beck subsidiaries in India, England and Italy a total turn over of DM 43.9 million was achieved.

Profits after taxes amounted to DM 1.32 million.

Chemische Düngerfabrik Rendsburg, Rendsburg

| | |
|--------------------|-----------------------------------|
| Holding acquired: | 1965 |
| Capital Stock: | DM 1.2 million |
| Holding: | 100 per cent |
| Products: | Fertilizers and Special Adhesives |
| Employees: | 242 |
| Sales: | DM 29.1 million |
| Capital expendit.: | DM 2.2 million |

Profits for the fiscal year reached about DM 110 000 reducing the loss carry-forward to DM 331 000.

Herbol-Werke Herbig-Haarhaus AG, Köln

| | |
|--------------------|--|
| Holding acquired: | 1963 |
| Capital Stock: | DM 10 million |
| Holding: | 72.7 per cent |
| Products: | Industrial paints, surface coatings for the construction industry, dispersion colors |
| Employees: | 1470 |
| Sales: | DM 94.7 million |
| Capital expendit.: | DM 3.9 million |

1969 sales were 3.1 per cent higher than last year. The industrial paint business has been brisk all year; the pace of surface coatings sales to the construction industry picked up only during the second half of 1969.

Profits after taxes amounted to DM 2.3 million.

Phrix-Werke AG, Hamburg

| | |
|--------------------|--|
| Holding acquired: | 1967 |
| Capital Stock: | DM 154 million |
| Holding: | 50 per cent (remaining 50 per cent owned by Dow Chemical Co.) |
| Products: | Synthetic fibers, cellulose, viscose sponges, cellulose derivatives, paper; at subsidiaries: special machines for the synthetic fiber industry, construction of pipelines and steel structures |
| Employees: | 8500 (Group) |
| Sales: | DM 264.5 million |
| Capital expendit.: | DM 51.6 million |

Due to boom conditions in the textile industry, sales of the Phrix Group rose by 12.2 per cent to DM 365 million. Affiliated companies contributed extensively to the sales growth.

Capital expenditures reached DM 51.6 million. They were mainly used to build up an extensive and versatile synthetic fiber production.

Inspite of the increased depreciation, Phrix's profit situation improved although the company still ran at a loss in 1969.

Rheinische Olefinwerke GmbH, Wesseling, (ROW), Cologne

Holding acquired: 1953
Capital Stock: DM 140 million
Holding: 50 per cent (remaining 50 per cent owned by Deutsche Shell AG)
Products: Polyolefin, styrene, epoxy resins, butadiene
Employees: 2909
Sales: DM 642.7 million
Capital expendit.: DM 155.6 million

The sales of high- and low density polyethylenes - BASF markets these under the Lupolen trade mark - increased by 21 per cent. The polyisobutylene ®Oppanol B also enjoyed remarkable sales growth. Productive capacity was fully utilized. Sales of Epikote synthetic resin, marketed by Deutsche Shell Chemie GmbH went up considerably as well. New plant facilities began production as scheduled of polypropylene - sold by BASF under the Novolen trade mark -, ethylbenzene and styrene.

These products accounted for 30 per cent of the total sales increase during 1969. The company will continue to step up its expansion of plant facilities and production programs vigorously.

Financial results of 1969 were satisfactory.

Elastogran GmbH, Lemförde

Holding acquired: 1969
Capital Stock: DM 2.25 million
Holding: 50 per cent (remaining 50 per cent owned by Dr. Gottfried Reuter)
Products: Polyurethane foaming systems, machinery and equipment
Employees: 1326 (Group)
Sales: DM 80.5 million
Capital expendit.: DM 12.8 million

Elastogran and its subsidiaries are part of the Elastomer AG, Chur/Switzerland, a holding company with a number of foreign affiliates. The entire Elastomer Group sells numerous foaming systems based on polyurethane as well as technology and formulas. In addition, Elastogran makes and sells machines and plants for the manufacture and processing of polyurethane foams.

Total sales of the Group increased by 50 per cent to DM 90.9 million in 1969. This development took place despite the limiting effect of raw material shortages.

Capital expenditures for production facilities and intensive research and development efforts established a strong base for future expansion.

Chemische Fabrik Holten GmbH, Oberhausen-Holten

| | |
|--------------------|---|
| Holding acquired: | 1930/1953 |
| Capital Stock: | DM 8 million |
| Holding: | 46 per cent including partner's loan (Ruhrchemie AG 29 per cent) (Th. Goldschmidt AG 25 per cent) |
| Products: | Ethyleneoxide and derivatives |
| Employees: | 130 |
| Sales: | DM 58.5 million |
| Capital expendit.: | - |

The three joint owners of the company decided to discontinue production as of June 30, 1970. Sales were down by DM 2.7 million in 1969; lower volume and a change in the product mix accounted for the decreases. It is expected that, after some value adjustment for the termination of production and taking into consideration the Burden's of Property Levy, operations will break even.

Duisburger Kupferhütte, Duisburg

| | |
|--------------------|---|
| Holding acquired: | 1876/1953 |
| Capital Stock: | DM 42 million |
| Holding: | 30.97 per cent (Farbenfabriken Bayer AG 30.97 per cent, Farbwerke Hoechst AG 30.97 per cent, others 7.08 per cent) |
| Products: | Iron ore, nonferrous metals and chemical products |
| Employees: | 4122 |
| Sales: | DM 477 million |
| Capital expendit.: | DM 22 million |

Due to improved selling prices and increased volume, pig-iron, zinc and copper sales rose by 13.4 per cent in 1969. Losses from the revaluation of the DM, higher personnel costs and a price decline in sulphur affected profits unfavorably as compared to 1968. However, the company

managed to produce a profit, and a dividend may be expected.

Cassella Farbwerke Mainkur Aktiengesellschaft, Frankfurt/Main-Fechenheim

| | |
|--------------------|---|
| Holding acquired: | 1956 |
| Capital Stock: | DM 34.1 million |
| Holding: | Approximately 25 per cent (Farbenfabriken Bayer AG and Farbwerke Hoechst AG each own approx. 25 per cent, others, the remaining shares) |
| Products: | Dyes, textile auxiliaries and finishing agents, synthetic resins, intermediate chemicals and pharmaceuticals |
| Employees: | 2238 |
| Sales: | DM 151.6 million |
| Capital expendit.: | DM 131.1 million |

Cassella distributed in 1969 a 19 per cent dividend for the fiscal year 1968. The parent company showed a 12.3 per cent sales growth for 1969. Taking into account domestic and foreign subsidiaries, sales of the Cassella Group totalled DM 291 million, thus increasing by 15.4 per cent.

Abroad

BASF Antwerpen N.V., Antwerp, Belgium

| | |
|--------------------|---|
| Holding acquired: | 1964 |
| Capital Stock: | 3000 million Belg. Francs |
| Holding: | 100 per cent |
| Products: | @Nitrophoska, caprolactam, ammonium sulphate, high-pressure polyethylene, vinylchloride |
| Employees: | 2209 |
| Sales: | 4480.7 million Belg. Francs |
| Capital expendit.: | 1204.3 million Belg. Francs |

Additional facilities and expanded capacity boosted sales by 64 per cent. All the completed plants worked with scheduled efficiency and at full capacity. New plant facilities for the production of ethylene-oxide and glycol became operational in 1969. Additional plants for the production of ethylbenzene, polystyrene and caprolactam are under construction. The fiscal year 1969 showed a profit.

Badische Phillips Petroleum N.V., Antwerp, Belgium

| | |
|--------------------|--|
| Holding acquired: | 1966 |
| Capital Stock: | 200 million Belg. Francs |
| Holding: | 50 per cent (50 per cent Phillips Petroleum Company) |
| Products: | Polyvinylchloride |
| Employees: | - (operated by BASF Antwerpen) |
| Sales: | 72 million Belg. Francs |
| Capital expendit.: | 15.1 million Belg. Francs |

The polyvinylchloride plant, located on a tract of land owned by BASF Antwerpen N. V. operated at full capacity. Difficulties in the supply of raw materials have been eliminated.

Sales of the polyvinylchloride are made by both parent companies in proportion to their holdings.

Ammoniak Unie N.V., Utrecht, Netherlands

Holding acquired: 1965
Capital Stock: 16 million Dutch Guilders
Holding: 50 per cent (50 per cent Mekog)
Product: Ammonia
Employees: 36
Sales: 38.5 million Dutch Guilders
Capital expendit.: 0.8 million Dutch Guilders

Due to technical difficulties, the plant facilities temporarily could not be run at full capacity. The ammonia is used by both parent companies as a raw material for further processing.

Lurex N.V., Amsterdam, Netherlands

Holding acquired: 1967
Capital Stock: 10.128 million Dutch Guilders
Holding: 50 per cent
(50 per cent The Dow Chemical Co.)
Products: Metalized fibers
Employees: 248
Sales: 22.3 million Dutch Guilders
Capital expendit.: 0.3 million Dutch Guilders

Market conditions for metalized fibers have not improved.

Suma S.A., Gien (Loiret), France

Holding acquired: 1962
Capital Stock: 6.116 million French Francs
Holding: 100 per cent
Products: Magnetic tapes
Employees: 145
Sales: 12.9 million French Francs
Capital expendit.: 1.1 million French Francs

From time to time normal plant capacity was exceeded. The company showed a sales increase of 70 per cent over last year.

Compagnie Chimique de la Méditerranée, Berre-l'Etang, France

Holding acquired: 1966
Capital Stock: 30 million French Francs
Holding: 50 per cent (50 per cent Shell Group)
Products: High pressure polyethylene
Employees: 79
Sales: 42.9 million French Francs
Capital expendit.: 4.5 million French Francs

The test runs were completed near the end of 1968 and the plant was fully operational during 1969. The raw material supply from the neighbouring refinery has improved. Production and sales grew substantially.

Dispersions Plastiques S.A., Paris, France

Holding acquired: 1958
Capital Stock: 3.3 million French Francs
Holding: 50 per cent
(50 per cent Sté. Ugine Kuhlmann)
Products: Styropor and polymer dispersions
Employees: 41
Sales: 41.0 million French Francs
Capital expendit.: 2.0 million French Francs

Sales increased by 35.8 per cent. Particularly the Styropor business improved through additional capacity that became available in mid-year 1969. The dispersion plant was run at full capacity. Further expansion of capacity is in the planning stage.

BASF Española S.A., Barcelona, Spain

Holding acquired: 1966
Capital Stock: 500 million Pesetas
Holding: 75 per cent
(25 per cent Arrahona S. A.)
Products: Styropor and polymer dispersions
Employees: 510
Sales: 1858.4 million Pesetas
Capital expendit.: 320.7 million Pesetas

The first phase of the extensive investment program in Spain was completed successfully as new plant facilities for the production of Styropor and polymer dispersions went on stream at Tarragona. The company also commenced construction of facilities for the production of oxo-alcohol, phthalic anhydride and plasticizers. Business developed favorably. The now domestically produced products were well received in the market.

View of high pressure chamber for the production of Lupolen at Danubia Olefinwerke, Vienna ▷

Danubia Olefinwerke Ges. m. b. H., Schwechat/Vienna, Austria

Holding acquired: 1967
Capital Stock: 150 million Austrian Shillings
Holding: 50 per cent (50 per cent
Österreichische Stickstoffwerke AG)
Products: High pressure polyethylene
Employees: 132
Sales: 10.8 million Austrian Shillings
Capital expendit.: 167.6 million Austrian Shillings

The plant facilities with a yearly capacity of 70 000 tons began operations in November 1969. The polyethylene is produced in two production lines.



Wyandotte Chemicals Corp., Wyandotte, Mich., USA

Wyandotte production facilities at Geismar, La. ▷

| | |
|--------------------|---|
| Holding acquired: | 1969 |
| Capital Stock: | US\$ 88.2 million (incl. reserves) |
| Holding: | 99.6 per cent |
| Products: | Urethane, special cleansing systems, basic chemicals |
| Employees: | 3876 |
| Sales: | US\$ 153 million |
| Capital expendit.: | US\$ 8.5 million |

1969 sales of US\$ 153 million were the highest in the Company's history. Two developments towards the end of the year affected profits favorably: technical start-up difficulties with large inorganic plants were overcome and better prices for several base products were obtained. No problems were encountered at the start-up of the large modern plant for the production of polyaetherolen, an important ingredient of the polyurethane chemistry.

BASF Corporation, New York, N. Y., USA

| | |
|--------------------|--|
| Holding acquired: | 1964 |
| Capital Stock: | US\$ 9.7 million |
| Holding: | 100 per cent |
| Products: | Styropor, dyestuffs, plastic dispersions and auxiliary products |
| Employees: | 708 |
| Sales: | US\$ 47.0 million |
| Capital expendit.: | US\$ 9.3 million |

BASF Corporation increased its sales of domestically produced and imported products by 33.1 per cent. The expansion of the Styropor plant at Jamesburg, N.J., to a yearly capacity of 35 000 tons was completed. It became operational in September.

The company acquired 1800 acres of land at Beaufort, South Carolina.



Dow Badische Co., Williamsburg, Va., USA

| | |
|--------------------|---|
| Holding acquired: | 1958 |
| Capital Stock: | US\$ 137.2 million |
| Holding: | 50 per cent (50 per cent The Dow Chemical Co.) |
| Products: | Acrylic acid, acrylates, butanols, caprolactam, polycaprolactam, synthetic fibers |
| Employees: | 2463 |
| Sales: | US\$ 84.7 million |
| Capital expendit.: | US\$ 31.2 million |

Sales increased by 29.5 per cent; the increase was particularly noteworthy in nylon and polyester fibers produced at the Anderson, S. C. plant, which was completed in 1968. High start-up costs caused an operational loss in this new plant.

The capacity of the polycaprolactam plant at Freeport, Texas, was doubled in 1969, and a new facility was completed for the production of oxo-alcohol.

BASF Systems Inc., Bedford, Mass., USA

| | |
|--------------------|-------------------------------|
| Holding acquired: | 1964 |
| Capital Stock: | US\$ 3.1 million |
| Holding: | 100 per cent |
| Products: | Magnetic tapes and disc packs |
| Employees: | 545 |
| Sales: | US\$ 13.8 million |
| Capital expendit.: | US\$ 1.9 million |

The original name BASF Computron Inc. was changed to BASF Systems Inc. Sales tripled in 1969 as a result of improvements in quality and more varied product mix. Towards the end of the year the company began the production of cassette tapes. BASF Systems has shown a profit since the end of 1969.

BASF Mexicana S.A., México, D.F., México

| | |
|--------------------|---|
| Holding acquired: | 1964 |
| Capital Stock: | 30 million Mexican Pesos |
| Holding: | 100 per cent |
| Products: | Styropor, Styropor foams, textile auxiliaries, leather finishes |
| Employees: | 188 |
| Sales: | 39.9 million Mexican Pesos |
| Capital expendit.: | 4.4 million Mexican Pesos |

Favorable economic conditions and increased capacity boosted sales considerably. Since January 1, 1969, the company has combined both domestic production and the marketing of imported BASF products.

BASF Brasileira S.A., Indústrias Químicas, São Paulo, Brazil

| | |
|--------------------|---|
| Holding acquired: | 1955 |
| Capital Stock: | 26.5 million New Cruzeiros |
| Holding: | 100 per cent |
| Products: | Styropor, plastic dispersions, auxiliaries, dyestuffs |
| Employees: | 530 |
| Sales: | 35.5 million New Cruzeiros |
| Capital expendit.: | 8.8 million New Cruzeiros |

The company relocated its headquarters from Guaratinguetá to São Paulo. In mid-July it acquired Brasitex. This acquisition strengthened its market position, especially in the leather and textile field. Production capacity of the plastic dispersions plant at Guaratinguetá was doubled.

Styropor production is being expanded further. Isopor, the subsidiary of BASF Brasileira S. A. plans to enlarge its Styropor processing operations at São Bernardo do Campo considerably. Furthermore two additional plant facilities in Rio de Janeiro and Porto Alegre are to be constructed. Plant capacity was well utilized. Sales rose by 66.7 per cent.

Química Proco S.A., Medellin, Colombia

Holding acquired: 1969
Capital Stock: 6.5 million Colombian Pesos
Holding: 100 per cent
Products: Auxiliaries and finishing agents, formaldehyde, plant protection agents
Employees: 171
Sales: 54.2 million Colombian Pesos
Capital expendit.: 2.3 million Colombian Pesos

Business activity accelerated shortly after the take-over in April. Production and sales increased considerably.

Sulfisud Fábrica Argentina de Hidrosulfito y Afines S.A., Buenos Aires, Argentina

Holding acquired: 1956
Capital Stock: 100 million Argentinian Pesos
Holding: 50 per cent
(50 per cent Bunge & Born Group)
Products: Dyestuff Auxiliaries
Employees: 34
Sales: 463.9 million Argentinian Pesos
Capital expendit.: None

Due to favorable economic conditions sales went up by 13.2 per cent.

BASF India Ltd., Bombay, India

Holding acquired: 1960
Capital Stock: 7 million Indian Rupees
Holding: 50 per cent
(50 per cent Indian Shareholders)
Products: Styropor, styropor foams, tanning agents
Employees: 408
Sales: 15.9 million Indian Rupees
Capital expendit.: 3.2 million Indian Rupees

The company began the production of tanning chemicals. The expanded Styropor capacity became operational in November. Due to the enlarged production base, sales increased by 55.9 per cent.

Yuka Badische Company Ltd., Yokkaichi, Mie Pref., Japan

Holding acquired: 1962
Capital Stock: 400 million Yen
Holding: 50 per cent (50 per cent Mitsubishi Petrochemical Co. Ltd.)
Products: Styropor, plastic dispersions
Employees: 110
Sales: 3520.4 million Yen
Capital expendit.: 401.9 million Yen

Styropor was again the main contributor to sales growth which in 1969 amounted to 24.0 per cent. Operations of the additional Styropor capacity started early in 1969. Dispersions sales increased as well.

BASF Australia Ltd., Melbourne, Australia
(Former Badocol Chemicals Pty. Ltd.,
Altona, Victoria)

Holding acquired: 1963
Capital Stock: 1.0 million Australian Dollars
Holding: 100 per cent
Products: Styropor, plastic dispersions
Employees: 52
Sales: 1.9 million Australian Dollars
Capital expendit.: 0.3 million Australian Dollars

As of January 1, 1970, the domestic production of Badocol Chemicals Pty. Ltd. and the marketing of imported BASF products were combined in BASF Australia Ltd. Styropor capacity was well utilized. The additional plant expansion under construction since the first half of 1969 will double present capacity.

Sales increased by about 19 per cent.

Employees

| Employees | As of 12/31/69 | Percentage change as compared to 12/31/68 |
|------------|----------------|--|
| BASF Group | 94 685 | + 32.0 |
| BASF AG | 49 624 | + 5.7 |

Employee categories of the BASF AG

| | | |
|---|--------|--------|
| Payroll employees in production, laboratories and auxiliary plants | 19 314 | + 10.4 |
| Craftsmen | 9 973 | - 3.9 |
| Technical and commercial employees | 11 159 | + 6.0 |
| Foremen and assistant foremen | 2 037 | + 3.3 |
| Senior Staff | 4 141 | + 11.3 |
| Apprentices and trainees | 3 000 | + 5.7 |

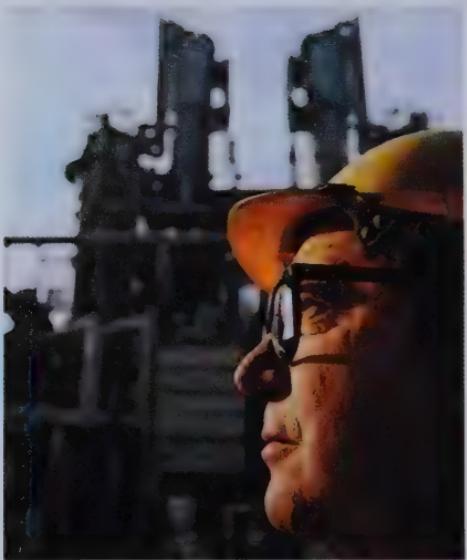
Thanks to the readiness of our employees to give their best, we were able to expand as rapidly as we did and cope with the constantly growing business volume. We would like to take this opportunity to express our appreciation for their great efforts.

The expansion of BASF is reflected in the large increase in the number of employees. Including Wintershall and Wyandotte, approximately 95 000 people work for the BASF Group, 80 000 in West Germany and 15 000 abroad.

The number of BASF AG employees rose to almost 50 000, an increase of nearly 6 per cent. Tight labor market conditions in West Germany resulted in increased employment of foreign workers. The number of foreign workers has almost doubled and now stands at 3000.

In order to make their adjustment to the new work environment easier the Company offers them courses in their home countries and provides language courses during working hours.

The relative proportion of skilled workers to unskilled workers increased further in 1969; over the last decade it rose from 62 per cent to 81 per cent. Every fifth employee is a craftsman reflecting the importance of maintenance and upkeep required by our sophisticated plant facilities.



◀ Plant managers with extensive experience watch over assets worth millions of DM

Eye testing at the Ludwigshafen works ▷

Our personnel activities are very concerned with training and continued education. We offer seminars to our employees in many different areas. In Ludwigshafen 11 000 people participated in internal or external educational programs.

Due to our world-wide expansion, the knowledge of foreign languages gains more and more importance. In 1969, 2300 employees attended our internal language classes. We offer more than 100 courses in 10 different languages.

Total wages and salaries, including fringe benefits, of BASF AG exceeded DM 1 billion in 1969. The 13.7 per cent increase over last year resulted from two wage increases on April 1 and October 1, 1969

- 7.5 per cent and 3.5 per cent respectively - and from higher bonuses paid out in the operations area. In addition compulsory welfare contributions and contributions to pension funds had high growth rates, 15 per cent and 28 per cent respectively.

In conjunction with the annual bonus, employees received DM 150.- for investment purposes.

More than 9300 employees - or one third more than last year - used all or part of their annual bonus to purchase BASF shares with a total par value of DM 4.4 million. To date shares with a total par value of DM 28 million have been acquired by our employees in this way.



Due to agreements already ratified, personnel costs and social expenditures will increase further in 1970. The main reason for this will be shorter working days at full pay starting December 31, 1969, full pay in case of sickness, increased vacation pay, gradual lengthening of vacations. Furthermore wage and salary agreements have expired. In our social aid program of this year, the emphasis was again put on providing housing. As soon as the approximately 300 apartments of the Pfingstweide project are completed, we shall speed up further construction programs. In conjunction with our health aid programs, we conducted eye examinations on

a voluntary basis. Many cases of defective vision and chronic eye diseases were discovered.

We initiated a regular sports program for apprentices. We plan to expand this program to eventually include as many employees as possible.

Financial

Total assets of the BASF Group rose by DM 3 billion to DM 10 billion. The acquisition of new companies – in essence the Wintershall Group with DM 1.5 billion and Wyandotte Chemicals Corporation with DM 0.6 billion of assets – accounted for DM 2.1 billion of this increase.

This asset growth was financed by DM 0.4 billion of equity capital and DM 2.6 billion of mainly long and medium term debt. Due to the acquisition of new companies minority interest in equity went up by DM 0.1 billion and total liabilities increased by DM 1.2 billion.

Investment of the BASF Group in tangible fixed assets amounted to DM 1.2 billion; DM 1.1 billion was available from internal financing.

At the end of 1969, BASF Overzee floated a bond issue in the amount of \$ 75 million, with attached warrants for the purchase of BASF AG shares.

Profits after taxes of the BASF Group, which amounted to DM 465 million, contain an extraordinary income item of DM 64 million received by the Wintershall AG from the Rosterg Estate. Excluding this extraordinary item, profits after taxes were DM 401 million, or DM 71 million higher than last year. About half of this increase is derived from higher earnings of domestic and foreign affiliates and half from the addition of new companies.

Total assets of BASF AG registered a DM 1456 million gain. Gross additions of DM 1376 to fixed assets and DM 541 million to current assets required financing totaling DM 1917 million. Internal financing

of DM 461 million covered about 24 per cent of these additions.

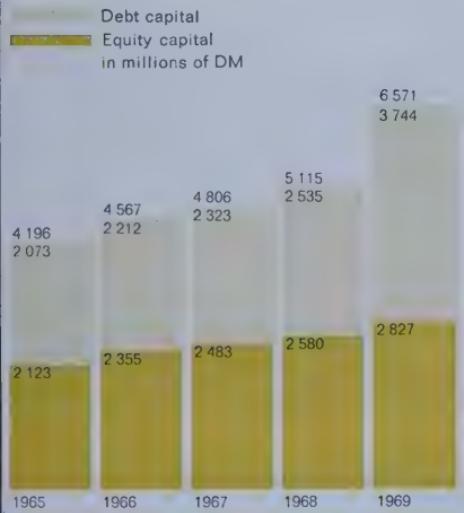
Common stock was increased by DM 115 million from conditionally authorized capital. These new shares were entered in the balance sheet at their par value. A further increase of common stock capital of DM 15 million out of authorized capital made available additional funds amounting to DM 65 million.

Total liabilities including funds proposed for the disbursement of dividend went up by DM 1204 million. Medium and long-term liabilities accounted for DM 931 million of this sum.

The DM 273 million rise in short term liabilities resulted mainly from higher provisions and accounts payable as well as from the increased dividend.

Sources of medium and long term funds exceeded medium and longterm applications by an amount of DM 184 million. The ratio of current assets to current liabilities has improved in 1969.

Capital Structure BASF AG



Profits and Allocation of Profits

in millions of DM

| | BASF Group | 1967 | 1968 | 1969 |
|-------------------------|------------|------|-------|------|
| Net profit before taxes | 492 | 668 | 815 * | |
| Taxes | 242 | 338 | 414 * | |
| Net profit after taxes | 250 | 330 | 401 * | |
| | BASF AG | | | |
| Net profit before taxes | 507 | 674 | 660 | |
| Taxes | 247 | 336 | 306 | |
| Net profit after taxes | 260 | 338 | 354 | |
| Dividend | 236 | 263 | 292 | |
| Retained earnings | 24 | 75 | 62 | |

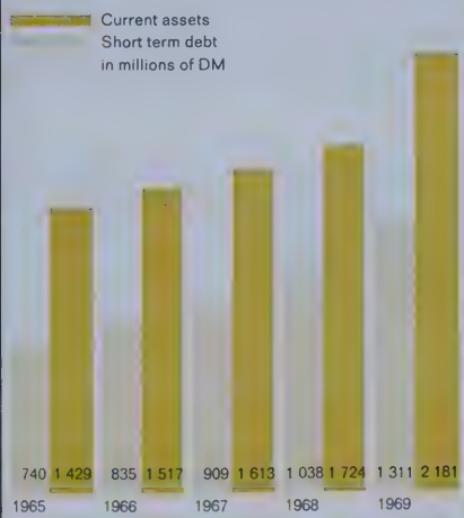
Earnings per share

DM

| | BASF Group | 1967 | 1968 | 1969 |
|--------------------------------------|------------|--------|---------|------|
| Net profit before taxes | 20.87 | 27.90 | 30.68 * | |
| Taxes | 10.25 | 14.15 | 15.59 * | |
| Net profit after taxes | 10.62 | 13.75 | 15.09 * | |
| | BASF AG | | | |
| Net profit before taxes | 21.51 | 28.15 | 24.84 | |
| Taxes | 10.49 | 14.03 | 11.51 | |
| Net profit after taxes | 11.02 | 14.12 | 13.33 | |
| Dividend | 10.00 | 11.00 | 11.00 | |
| Retained earnings | 1.02 | 3.12 | 2.33 | |
| Shares outstanding (in thousands) | 23 560 | 23 958 | 26 567 | |

* without Rosterg Estate

Liquidity BASF AG



1. Source and application of funds (in millions of DM)

SOURCE OF FUNDS

a) Medium and long term

| Increase in common stock | 130 | | Additions to tangible fixed assets | 663 | |
|---|-----|-------|--|------------------|-------|
| Allocation to statutory reserve | 50 | | Increase in financial investments | 712 ¹ | 1 375 |
| Allocation to free reserve | 62 | 242 | Valuation adjustments of fixed assets | | 39 |
| Depreciation and retirement of fixed assets | | 472 | Increase in receivables | 77 | |
| Amortization of good will | | 28 | Increase in cash and marketable securities | 8 | 85 |
| Increase in special reserve | | 10 | Decrease in provisions | 72 | |
| Issue of debentures | 50 | | Sinking fund payments on bonds and debentures | | 21 |
| Increase in liabilities to banks etc. | 824 | | Decrease in liabilities from issue of promissory notes | 5 | 93 |
| Increase in liabilities to BASF AG Pension Fund | 51 | | Balance | | 134 |
| Increase in liabilities to affiliated companies | 89 | | | | |
| Increase in other liabilities | 15 | 1 029 | | | |
| | | 1 781 | | | 1 781 |

b) Short-term *

| | | | | | |
|---|-----|-----|---|-----|-----|
| Increase in provisions | 86 | | Increase in inventories | 147 | |
| Increase in liabilities to banks etc. | 14 | | Increase of unfinished services and uncompleted contracts | 19 | 166 |
| Increase in accounts payable | 123 | | Increase in loans granted | 1 | |
| Increase in other liabilities | 21 | | Increase in accounts receivable | 76 | |
| Increase in dividend | 29 | 273 | Increase in receivables from affiliates | 138 | |
| Financed by medium and long term funds | | 184 | Increase in other receivables | 65 | |
| | | 457 | Increase in cash and marketable securities | 11 | 291 |
| | | | | | 457 |

c) Summary

| | | | | | |
|--|-------|-------|---|--------------------|-------|
| Allocation to free reserve | 62 | | Additions to fixed assets | 1 376 ¹ | |
| Increase in special reserve | 10 | | Increase in inventories | 147 | |
| Reduction in medium and long term provisions | - 72 | | Increase of unfinished services and uncompleted contracts | 19 | |
| Depreciation on and retirement of fixed assets less appreciation of fixed assets | 433 | | Increase in receivables | 356 | |
| Amortization of good will | 28 | | Increase in cash and marketable securities | 19 | 541 |
| Internal financing | | 461 | | | |
| Increase in common stock | 130 | | | | |
| Increase in statutory reserve | 50 | | | | |
| Increase in short term provisions | 86 | | | | |
| Increase in liabilities | 1 190 | | | | |
| External financing | | 1 456 | | | |
| | | 1 917 | | | 1 917 |

* due within one year

¹ including DM 28 million good will

2. Financial Position (in millions of DM)

a) Medium and long term position

| | | | |
|--------------------------------|------------|--|-------|
| Fixed assets | 4 213 | Equity capital | 2 818 |
| Receivables | 168 | Special reserve | 18 |
| Cash and marketable securities | 9 | Provisions | 377 |
| Balance | 870 | Bonds | 61 |
| | | Loan (denominated in Swiss Francs) | 56 |
| | | Convertible bonds | 240 |
| | | Debentures | 248 |
| | | Liabilities to banks | 1 112 |
| | | Liabilities to the | |
| | | BASF AG Pension Fund | 176 |
| | | Liabilities from the issue of promissory notes | 18 |
| | | Other liabilities | 136 |
| | <hr/> | | <hr/> |
| | 5 260 | | 5 260 |

b) Short term position

| | | | |
|---|-------------|---|-------------|
| Loans granted | 6 | Provisions | 241 |
| Raw materials and supplies | 259 | Bonds | 10 |
| Finished products | 420 | Debentures | 10 |
| Unfinished services and uncompleted contracts | 48 | Liabilities from the issue of notes | 5 |
| Receivables | 1 037 | Liabilities to banks | 84 |
| Value adjustments | <hr/> - 17 | Other liabilities | 669 |
| Cash and marketable securities | 428 | Dividend | 292 |
| | <hr/> 2 181 | Financed by medium and long term funds | <hr/> 870 |
| | | | <hr/> 2 181 |

c) Balance sheet position as per cent of total assets

| | 1969 | 1963 | | 1969 | 1963 |
|-------------------------------------|--------------|--------------|-------------------------------------|--------------|--------------|
| Tangible fixed assets | 36.2 | 41.9 | Common stock | 20.2 | 23.3 |
| Investments | 27.8 | 22.5 | Reserves | 22.6 | 26.9 |
| Fixed assets | 64.0 | 64.4 | Equity capital | 42.8 | 50.2 |
| Inventories and unfinished services | 11.0 | 11.0 | Special reserve | 0.3 | 0.2 |
| Receivables | 18.1 | 16.3 | Value adjustments | 0.2 | 0.3 |
| Cash and marketable securities | 6.7 | 8.1 | Provisions | 9.4 | 11.8 |
| Current assets | 35.8 | 35.4 | Liabilities (incl. dividend) | 47.3 | 37.5 |
| Deferred charges | 0.2 | 0.2 | Total liabilities | 56.7 | 49.3 |
| Total assets | 100.0 | 100.0 | Total liabilities and equity | 100.0 | 100.0 |

1969 ANNUAL STATEMENTS OF BASF AG

Changes in fixed assets

A. Tangible and intangible

1. Real estate and equivalent rights with office, factory and other buildings
 2. Real estate and equivalent rights with residential buildings
 3. Real estate and equivalent rights without buildings
 4. Buildings on real estate not owned by BASF AG, not included in No. 1 or 2
 5. Machinery, plant and equipment
 6. Factory and office equipment
 7. Construction in progress and advances on construction
 8. Concessions, patents, and similar rights as well as licences under such rights
-

B. Financial assets

1. Investments in affiliates
 2. Loans for a term of at least four years (DM 3 526 426 secured by mortgages)
-

| As of Jan. 1, 1969 | Additions DM | Valuation adjustments DM | Transfers Additions = + Reductions = % DM | Deletions (Retirements) DM | Depreciation DM | As of Dec. 31, 1969 DM |
|-----------------------|-----------------|--------------------------------|--|----------------------------------|--------------------|------------------------------|
| 648 051 345 | 56 061 516 | 20 915 422 | + 23 830 793 | 2 754 873 | 63 734 918 | 682 369 285 |
| 11 722 485 | 30 839 | 395 595 | % 359 061 | 20 847 | 450 191 | 11 318 820 |
| 32 820 426 | 759 497 | 200 406 | + 1 510 006 | 642 595 | - | 34 647 740 |
| 1 842 342 | 637 379 | - | + 54 775 | 63 800 | 222 290 | 2 248 406 |
| 1 267 708 324 | 317 905 958 | 5 402 855 | + 51 777 595 | 9 678 188 | 327 159 038 | 1 305 957 506 |
| 85 146 345 | 44 725 571 | 425 856 | + 4 405 239 | 893 586 | 49 151 921 | 84 657 504 |
| 102 060 548 | 243 058 870 | - | % 81 219 347 | - | - | 263 900 071 |
| 1 | - | - | - | - | - | 1 |
| 2 149 351 816 | 663 179 630 | 27 340 134 | - | 14 053 889 | 440 718 358 | 2 385 099 333 |
| 1 094 065 559 | 707 239 929 | 11 199 999 | - | 12 693 685 | 3 218 021 | 1 796 593 781 |
| 60 566 719 | 4 118 284 | 224 497 | - | 26 612 546 | 1 257 070 | 37 039 884 |
| 3 303 984 094 | 1 374 537 843 | 38 764 630 | - | 53 360 120 | 445 193 449 | 4 218 732 993 |

Balance sheet of BASF AG as of December 31, 1969

| | As of Dec. 31, 1969 | As of Dec. 31, 1968 |
|---|------------------------|------------------------|
| | DM | TDM |
| I. Fixed Assets | | |
| A. Tangible and intangible | | |
| 1. Real estate and equivalent rights with office, factory and other buildings | 682 369 285 | 648 051 |
| 2. Real estate and equivalent rights with residential buildings | 11 318 820 | 11 723 |
| 3. Real estate and equivalent rights without buildings | 34 647 740 | 32 821 |
| 4. Buildings on real estate not owned by BASF AG, not included in No. 1 or 2 | 2 248 406 | 1 842 |
| 5. Machinery, plant and equipment | 1 305 957 506 | 1 267 708 |
| 6. Factory and office equipment | 84 657 504 | 85 146 |
| 7. Plant under construction and advances for plant | 263 900 071 | 102 061 |
| 8. Concessions, industrial property rights, and similar rights and licenses under such rights | 1 | (1,-) |
| | 2 385 099 333 | 2 149 352 |
| B. Financial | | |
| 1. Affiliated companies | 1 796 593 781 | 1 094 066 |
| 2. Loans for a term of at least four years (DM 3 526 426 secured by mortgages) | 37 039 884 | 60 566 |
| | 4 218 732 998 | 3 303 984 |
| II. Current Assets | | |
| A. Inventories | | |
| 1. Raw materials and supplies | 258 711 929 | 179 293 |
| 2. Finished products, goods for resale | 419 885 680 | 352 226 |
| | 678 597 609 | 531 519 |
| 3. Unfinished services and uncompleted contracts | 48 735 201 | 29 045 |
| | 727 332 810 | 560 564 |
| B. Other current assets | | |
| 1. Advances paid | 15 587 678 | 10 603 |
| 2. Accounts receivable for sales and services (DM 25 322 988 with a residual term of more than one year) | 594 943 576 | 517 015 |
| 3. Bills receivable (DM 3 373 168 rediscountable at the Federal Bank) | 26 960 932 | 22 680 |
| 4. Cash on hand, balances at the Federal Bank and in postal checking accounts | 172 478 | 140 |
| 5. Cash at banks (DM 35 852 311 committed) | 317 872 386 | 311 010 |
| 6. Securities | 92 128 244 | 84 139 |
| Subtotal items 3-6: Cash and cash equivalents | 437 134 040 | 417 969 |
| 7. Amounts owing by affiliated companies | 430 632 453 | 246 518 |
| 8. Receivables resulting from loans granted under paragraph 89, Corporate Law | 1 192 365 | 795 |
| 9. Other assets | 150 283 448 | 60 979 |
| | 2 357 106 370 | 1 814 443 |
| III. Deferred Charges | | |
| 1. Discounts | 9 207 655 | 9 660 |
| 2. Others | 2 644 136 | 1 650 |
| | 11 851 791 | 11 310 |
| | 6 587 691 159 | 5 129 737 |

| Liabilities | As of Dec. 31, 1969 DM | As of Dec. 31, 1968 TDM |
|---|------------------------------|-------------------------------|
| I. Capital Stock | 1 328 333 650 | 1 197 908 |
| Conditional capital DM 96 946 500 | | |
| II. Reserves | | |
| 1. Statutory reserve | 798 596 615 | 749 097 |
| 2. Free reserve (as of January 1, 1969) | 629 000 000 | 554 000 |
| Profit transferred to reserve | 62 000 000 | 75 000 |
| | 691 000 000 | 629 000 |
| | 1 489 596 615 | 1 378 097 |
| III. Special Reserve | 17 841 830 | 8 009 |
| (as provided in Articles 6 b and 7 c, Income Tax Law, Section 35, Income Tax Directive, and Article 1, Development Aid Tax Law) | | |
| IV. Composite-Rate Value Adjustment on Accounts Receivable | 16 743 000 | 14 812 |
| V. Accruals | / | |
| 1. Pension | 260 528 495 | 244 809 |
| 2. Other | | |
| (a) for taxation | 201 524 158 | 240 194 |
| (b) for postponed maintenance work | 8 000 000 | 8 000 |
| (c) miscellaneous | 148 204 393 | 111 522 |
| | 357 728 551 | 359 716 |
| | 618 257 046 | 604 525 |
| VI. Liabilities for a Term of at least Four Years | | |
| 1. Bonds | | |
| (a) 7% Bonds of 1962 (DM 70 000 000 secured by mortgages) | 71 400 000 | 81 600 |
| (b) 4½% Swiss Francs Bonds of 1964 | 55 836 000 | 55 836 |
| (c) 5½% Convertible Bonds of 1964 | 239 968 000 | 239 968 |
| | 367 204 000 | 377 404 |
| 2. Debentures (DM 70 000 000 secured by mortgages) | 257 918 000 | 217 918 |
| 3. Liabilities to banks (DM 22 266 000 secured by mortgages) | 1 092 950 007 | 268 377 |
| 4. Loans from BASF Pension Fund (DM 469 412 secured by mortgages) | 175 455 707 | 125 118 |
| 5. Other | 701 871 | 944 |
| Of the amounts included in items 1-5 DM 716 905 140 is due within less than four years | 1 894 229 585 | 989 761 |
| VII. Other Liabilities | | |
| 1. Accounts payable for purchases and services | 340 534 687 | 217 238 |
| 2. Notes payable | 22 837 000 | 27 350 |
| 3. Liabilities to banks | 103 479 726 | 89 784 |
| 4. Advances received | 38 192 433 | 23 955 |
| 5. Amounts owing to affiliated companies | 244 378 501 | 143 729 |
| 6. Other | 180 937 752 | 170 916 |
| | 930 360 099 | 672 972 |
| VIII. Deferred Income | - | 5 |
| IX. Profit available for dividend | 292 329 334 | 263 648 |
| | 6 587 691 159 | 5 129 737 |
| 1. Liabilities from the issue and endorsement of bills | 223 245 582 | 178 062 |
| 2. Liabilities from guarantees | 915 586 730 | 706 482 |
| 3. Liabilities from the granting of collateral security for third parties' liabilities | 31 003 637 | 35 628 |
| Present value of the Equalization of Burdens Property Levy | 79 445 412 | 85 380 |
| Quarterly amount of the Equalization of Burdens Property Levy | 2 620 473 | 2 595 |

**Statement of Income of BASF AG
for the year ended December 31, 1969**

| | 1969 | DM | DM | DM |
|--|---------------|---------------|---------------|---------------|
| 1. Sales | | | | |
| (a) Sales including turnover tax | 4 770 609 562 | | | |
| (b) Turnover tax on sales | % 255 039 077 | 4 515 570 485 | | |
| 2. Increase or decrease in inventories of finished and semi-finished goods | | + 64 081 468 | 4 579 651 951 | |
| 3. Other company-manufactured capitalized items | | | | 117 086 666 |
| 4. Total sales and operating revenues | | | | 4 696 738 617 |
| 5. Cost of materials and other charges (net) not shown separately below | | | | 1 713 063 565 |
| 6. Balance | | | | 2 983 675 052 |
| 7. Income from profit transfer agreements | | 43 130 662 | | |
| 8. Income from subsidiaries and affiliated companies | | 27 372 421 | | |
| 9. Income from other financial assets | | 2 498 973 | | |
| 10. Other interest and similar income | | 57 141 764 | | |
| 11. Valuation adjustments of plant property and investments | | 41 959 730 | | |
| 12. Reversal of provisions | | 34 090 615 | | |
| 13. Transfers from special reserve | | 1 118 687 | | |
| 14. Other income (DM 1 532 221 non-recurring) | | 80 087 941 | | |
| | | | 292 400 793 | |
| | | | | 3 276 075 845 |
| 15. Wages and salaries | 899 492 393 | | | |
| 16. Compulsory welfare | 83 702 648 | | | |
| 17. Pensions and assistance | 55 276 974 | | | |
| 18. Depreciation on tangible fixed assets (DM 483 188 transfer of book profits arising on sale under Article 6 b, Income Tax Law) | 440 718 358 | | | |
| 19. Write downs and other valuation adjustments of investments | 4 475 091 | | | |
| 20. Valuation adjustments on current assets other than inventories and reserves for doubtful accounts | 41 216 285 | | | |
| 21. Losses on retirement of fixed assets | 12 649 931 | | | |
| 22. Interest and similar expenses | 158 991 609 | | | |
| 23. Taxes | | | | |
| (a) on income and property | 295 326 927 | | | |
| (b) other | 125 049 140 | 420 376 067 | | |
| 24. Equalization of Burdens Property Levy | 10 506 533 | | | |
| 25. Assumption of losses of affiliates | 538 952 | | | |
| 26. Allocations to special reserve | 8 090 871 | | | |
| 27. Other expenses | | | | |
| (a) Wages paid to outside labor and costs of repair work carried out by outside contractors | 207 330 735 | | | |
| (b) Miscellaneous | 578 488 775 | 785 819 510 | 2 921 855 222 | |
| 28. Net income for the year | | | | 354 220 623 |
| 29. Profit carry forward from previous year | | | | 108 711 |
| | | | | 354 329 334 |
| 30. Allocation from the year's profit to the free reserve | | | | 62 000 000 |
| 31. Profit available for dividend | | | | 292 329 334 |

Pension paid including payments to legally independent pension funds

(a) paid in 1968: DM 34 742 543

(b) to be expected in the next five years: 103 per cent, 106 per cent, 109 per cent, 112 per cent,
116 per cent of the amount specified under (a)

1968

| | TDM | TDM | TDM |
|-----------|-----------|-----------|-----|
| 4 272 230 | | | |
| % 214 900 | 4 057 330 | | |
| | % 16 102 | 4 041 228 | |
| | | 76 284 | |
| | | 4 117 512 | |
| | | 1 444 709 | |
| | | 2 672 803 | |
| | 8 616 | | |
| | 12 403 | | |
| | 681 | | |
| | 31 748 | | |
| | 7 186 | | |
| | 1 477 | | |
| | 2 228 | | |
| | 96 421 | | |
| (5 704) | | 160 760 | |
| | | 2 833 563 | |
| | 797 943 | | |
| | 72 475 | | |
| | 43 196 | | |
| | 425 393 | | |
| | 347 | | |
| | 6 112 | | |
| | 20 450 | | |
| | 100 039 | | |
| 325 857 | | | |
| 75 785 | 401 642 | | |
| | 10 379 | | |
| | 626 | | |
| | 4 851 | | |
| 169 363 | | | |
| 442 569. | 611 937 | 2 495 390 | |
| | | 338 173 | |
| | | 475 | |
| | | 338 648 | |
| | | 75 000 | |
| | | 263 648 | |

The statement of accounts and the report to shareholders follows all legal requirements according to our obligatory examination.

Stuttgart, March 23, 1970

Schwäbische Treuhand-Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft
(Certified Public Accountants – Tax Consultants)

Prüsener Dr. Frey
Certified Public Accountant Certified Public Accountant

Notes on the annual financial statements

BALANCE SHEET

Methods of asset valuation and provision for depreciation have been described in the 1967 Annual Report. Unless otherwise specified these methods have been followed in this report.

ASSETS

I. Fixed Assets

A. Tangible and Intangible

1.-7. *Tangible fixed assets increased by DM 235.7 million net (after deducting provisions for depreciation) to DM 2385.1 million. Gross additions amounted to DM 663.2 million of which 88 per cent relates to the expansion of manufacturing and energy production facilities, 12 per cent to addition to research and other facilities. The self use tax item included in these figures amounts to DM 27.1 million.*

In order to reconcile book values with those necessary for tax purposes the fixed asset values were increased by DM 27.3 million. The depreciation taken thereon amounted to DM 3.6 million for 1969.

Fixed assets in the sum of DM 14.1 million were scrapped and written off.

Total depreciation on tangible fixed assets equalled DM 440.7 million and consisted of the following items.

| Regular depreciation | millions of DM |
|--|----------------|
| Accelerated | 315.9 |
| Straight-line | 86.6 |
| Assets expensed according to Income-Tax-Law | 12.3 |
| | 415.3 |
| Extraordinary Depreciation | |
| Research, Air and Water Pollution Prevention | 24.8 |
| Other | 0.6 |
| | 25.4 |
| Totals | 440.7 |

Depreciation on additions including transfers from construction was as follows:

| | Increase and transfer DM | Depre- ciation DM | |
|---|--------------------------------|-------------------------|--|
| 1. Real estate and equivalent rights with office, factory and other buildings | 79 193 641 | 15 708 070 | |
| 2. Real estate and equivalent rights with residential buildings | 89 810 | 1 632 | |
| 3. Real estate and equivalent rights without buildings | 2 269 503 | - | |
| 4. Buildings on real estate not owned by BASF AG which do not come under No. 1 or 2 | 692 154 | 44 014 | |
| 5. Machinery, plant and equipment | 371 041 432 | 60 218 137 | |
| 6. Factory and office equipment | 48 053 567 | 21 432 742 | |
| 7. Plant under construction and advances for plant | 161 839 523 | - | |
| | <u>663 179 630</u> | <u>97 404 595</u> | |

Railway installations and scaffolding are carried at DM 16.5 million.

8. *Intangible fixed assets* are unchanged and carried at a reminder value of DM 1.

B. Financial Assets

1. Additions to *affiliated companies* relate to the following companies:

Domestic

| | | |
|---|-------------|----|
| Newly acquired | / | DM |
| Purchase of mining shares (Kuxen) of Gewerkschaft Wintershall as well as common stock of Wintershall AG | 226 996 684 | |
| The valuation of the Wintershall share participation, insofar as it was acquired by an exchange for BASF shares from the conditional capital, is equal to the par value of BASF shares exchanged; otherwise valuation is made at the respective stock exchange quotations; brokerage charges are also included. | | |
| Increase resulting from the merger of Hauptvertriebsstelle für Düngemittel GmbH, Ludwigshafen into BASF AG | 300 000 | |
| Increase resulting from the merger of Alfred Voss GmbH, Hamburg into BASF AG | 3 286 400 | |
| BASF automation Heidelberg GmbH, Heidelberg | 1 200 000 | |
| BASF Terratec GmbH, Ludwigshafen | 20 500 | |
| Ultraform GmbH, Ludwigshafen | 2 500 000 | |
| Dr. Wolman GmbH, Sinzheim | 593 400 | |
| Herbol-Werke Herbig-Haarhaus AG, Cologne | 875 400 | |
| Westfalenbank AG, Bochum | 9 734 212 | |
| (through the merger with Gewerkschaft Thea) | | |

Investment-Type Loans

LUWOGE Wohnungsunternehmen GmbH,
Ludwigshafen

| |
|--------------------|
| 1 500 000 |
| <u>247 006 596</u> |

Abroad

Newly acquired

| | DM |
|---|------------|
| BASF Chimie S. A., Brussels | 100 |
| BASF Pakistan Ltd., Karachi | 1 008 000 |
| BASF-Sümerbank Türk Kimya Sanayii A. S. Istanbul | 12 833 450 |
| Elastomer Aktiengesellschaft, Chur | 9 543 481 |

Capital Increase

| | |
|--|--------------------|
| BASF Antwerpen N. V., Antwerp | 321 904 144 |
| BASF Espanola S. A., Barcelona | 13 252 618 |
| BASF Overzee N. V., Willemstad | 127 689 931 |
| BASF Transatlantica S. A., Panama | 53 163 704 |
| Danubia Olefinwerke Ges.m.b.H., Schwechat | <u>10 837 905</u> |
| | 460 233 333 |
| Total additions | <u>707 239 929</u> |

In order to reconcile book values with those for tax purposes the values of affiliated companies were increased by DM 11.2 million.

In connection with the merger of Alfred Voss GmbH, Hamburg, into BASF AG the investment of DM 12 323 650 was exchanged for net assets at book value amounting to DM 10 122 889. Another investment of DM 100 000 was exchanged for net assets of DM 100 588 in connection with the merger of Hauptvertriebsstelle für Düngemittel GmbH, Ludwigshafen.

The remainder relates to the book value of our holding in Indanthrenhaus Hamburg GmbH, Hamburg, which we sold in 1969.

According to paragraph 1 of the Development Aid Tax Law our investment in affiliates was adjusted downward by DM 2.1 million in connection with the capital increase of BASF Espanola S. A., Barcelona, and the incorporation of the

BASF-Sümerbank Türk Kimya Sanayii A.S., Istanbul. The remaining amount relates to adjustments of acquisition values and foreign exchange differences in connection with payments for the subscription of capital stock.

2. The loans for a term of at least four years include loans for housing and similar purposes as well as various loans to affiliated companies other than those defined in Article 15, Corporate Law. Additions result from new lendings, deletions from repayments on long-term credits.

Debit and credit adjustments on outstanding loans represent valuation adjustments of discounts at which the loans are carried. Furthermore receivables in foreign currencies were devalued in conjunction with the revaluation of the DM.

The net increase in fixed assets is approximately DM 915 million, or 27.7 per cent.

II. Current Assets

A. Inventories

1. Raw materials and supplies

Inventories were built up by about DM 79 million to meet expansion in production and to anticipate transportation problems on the waterways and the uncertain market situation in the steel and iron industries.

Over-all write-offs due to the risk of technical obsolescence and quality deterioration amount to DM 2.7 million.

2. Finished goods, merchandise

The increase of this inventory of DM 68 million is due in part to the development of business, in part to weather influence on the sales in the last weeks of the year. Over-all write-offs to give consideration to market risks and deterioration amount to DM 3.7 million.

3. Unfinished services mainly consist of expenditures for still unfinished plant facilities that we are building for third parties at home and abroad.

B. Other Current Assets

2. The increase in accounts receivable is the result of higher sales, in particular of greater exports for which terms of payment are longer than those for domestic sales; in addition, the average collection period of receivables has gone up slightly.

Receivables with remaining terms of more than one year are mainly long-term receivables from the construction of plants in Egypt (Moratorium).

3. Bills receivable are essentially foreign drafts with terms of more than 90 days.

5. Cash balances at banks generally represent balances on demand. However, a portion of these balances is used to secure term credits.

6. Security holdings, which increased by roughly DM 8 million, consists primarily of fixed income investments.

7. Amounts owing by affiliated companies consists of accounts receivable, interest-bearing loans, interest-free loans – especially to GEWOGE Gemeinnütziges Wohnungsunternehmen GmbH, Ludwigshafen – and bills receivable. The increase results mainly from loans granted to BASF Overzee N.V., Willemstad to help finance its subsidiaries.

9. The increase in other assets results mainly from receivables for higher profit transfer from Rheinische Olefinwerke GmbH, larger deposits at home building and loan associations and from claims for overpaid sales tax. Furthermore this item includes receivables from our transactions as agents, loans to employees and other short term loans and accrued interest.

III. Deferred Charges

Item 1 is comprised of the unamortized portion of discounts and expenses of bond and debenture issues, while item 2 is largely prepaid insurance premiums and prepaid interest.

LIABILITIES

1. Capital Stock

In the special stockholders' meeting of December 20, 1968 the capital stock of BASF AG was conditionally increased by DM 164 378 150 in anticipation of the acquisition of the Wintershall Group. From this increase BASF shares (with the right of dividend as of January 1, 1969) were issued as follows: 1. On January 24, 1969 (date of entry into Commercial Register) the transfer of assets of the Gewerkschaft Thea to BASF AG according to the contract of November 6, 1968 became effective. In exchange for 95 shares of Gewerkschaft Thea the shareholders of Thea received 971 470 BASF AG 50-DM shares with a par value of

DM 48 573 500

2. For the acquisition of 1365 shares of the Gewerkschaft Wintershall and

764 154 par value 50-DM shares of Wintershall AG

1 377 035 BASF AG 50-DM shares were issued with

a par value of

DM 66 851 750

Total par value of

BASF AG shares so

issued

DM 115 425 250

The BASF AG shares mentioned under headings 1 and 2 above were booked at their par value.

The increases of capital stock out of conditional capital were entered in the Commercial Register of the local court of Ludwigshafen on February 18, 1970. On December 19, 1969 the capital stock was increased out of authorized capital by DM 15 million at a price of DM 215.- for each DM 50-share. These new shares are entitled to dividends as of January 1, 1969. The shares were purchased by a bank for placement with an industrial enterprise. The proceeds of this stock issue were used to finance the balance of the Wyandotte Chemicals Corp. acquisition. The premium from this capital increase amounts to DM 49.5 million and was credited to the statutory reserve. The authorized but unissued capital stock now stands at DM 165 098 000.

The capital stock increase out of authorized capital was entered in the Commercial Register of the local court of Ludwigshafen on December 19, 1969.

In connection with the issue by BASF Overzee N.V., Willemstad of debentures with attached warrants for the purchase of BASF AG stock we have assumed the obligation to deliver BASF AG stock up to an amount of DM 60 000 000 at par value to BASF Overzee N.V., in order to assure that the warrants can be exercised.

As a result of the capital stock increases the capital stock issued now stands at DM 1 328 333 650.

Cost incurred for the capital stock increases totalled DM 17.3 million and were charged against income.

As of December 31, 1969 the conditional capital, that was authorized in conjunction with the convertible bonds of 1964 and the Wintershall transaction stands at DM 96 946 500.

II. Reserves

1. The statutory reserve increased by DM 49.5 million, which represents the premium resulting from the capital stock increase out of authorized capital, to DM 798 596 615.
2. DM 62 million were allocated from the net income of the year to free reserves. Reserves now total DM 1 489 596 615, or 112 per cent of our capital stock.

III. Special Reserve

The special reserve consists of the following:

| | million DM |
|--|------------|
| Value adjustments on non-interest bearing loans granted under paragraph 7 c EStG prior to January 1, 1955 | 2.9 |
| Capital gains from the sale under paragraph 6 b EStG | |
| of real estate | 3.6 |
| from the sale of our equity participation in Verwaltungsgesellschaft für Chemiewerte mbH, Frankfurt, and in Indanthrenhaus Hamburg GmbH, Hamburg | 4.7 |
| from the merger of Alfred Voss GmbH, Hamburg, into BASF AG | 0.5 |
| Book profits from damage claims according to paragraph 35 EStR | 0.1 |
| Capital investment in underdeveloped countries according to paragraph 1 Development Aid Tax Law | 6.0 |
| | <hr/> 17.8 |

IV. Composite-rate value adjustment on accounts receivable

The increase relates exclusively to higher receivables, due to increased overall business.

V. Accruals

1. *Pension provisions* are stated in accordance with actuarial principles. The increase resulted from an increase in the number of employees and higher salaries.

2. (a) *Provisions for taxes* are deemed sufficient. Obligations arising from taxation pooling agreements are taken into account.

2. (b) *Provisions for postponed maintenance* relate to necessary repairs that for technical reasons can only be undertaken in 1970.

2. (c) Under miscellaneous the following items are included:

| | million DM | (last year) |
|--|------------|-------------|
| Licenses | 5.0 | (5.8) |
| Risks inherent in selling and purchasing transactions | 84.4 | (57.7) |
| Contributions to professional associations and similar charges | 14.6 | (12.3) |
| Other obligations | 44.2 | (35.7) |

VI. Liabilities with a term of at least four years

1. DM 10 million of the 7 per cent bonds of 1962 have been redeemed at a 2 per cent premium according to schedule.

Following legal requirements the potential foreign exchange gain from the DM revaluation on the 4½ per cent Swiss Franc bonds of 1964 has not been taken into account.

No changes in the status of the 5½ per cent convertible bond issue of 1964 occurred during 1969, and no conversions were made.

2. *Outstanding debentures* rose by DM 40 million. DM 50 million worth of new 6¾ per cent debentures were issued at 98 per cent. The corresponding discount is stated under "Deferred Charges" and will be written off. DM 10 million of formerly issued debentures were repaid as scheduled.

3. *Liabilities to banks* arising from long-term loans increased by DM 824.6 million. These additional funds were used for partial financing of the asset growth (DM 2.0 billion gross, DM 1.5 billion net).

The portion of *long-term liabilities* due within less than four years is determined by the repayment schedule. Repayments due within less than one year amount to DM 33 million.

VII. Other Liabilities

1. The increase in *accounts payable* is due to this year's growth in business.

2. *Notes payable* in the amount of DM 22.8 million relate exclusively to export financing.

3. *Liabilities to banks* were higher than last year's by DM 13.7 million.

4. *Advances received* mainly consist of partial payments for uncompleted plant facilities that are being built by us at home and abroad.

5. *Amounts owing to affiliated companies* comprise mainly liabilities to BASF Alters-

hilfe GmbH, Ludwigshafen (DM 35.7 million), BASF Kraftwerk Marl GmbH, Marl (DM 44.4 million), Nordmark-Werke GmbH, Hamburg (DM 27.5 million), Gewerkschaft Wintershall, Celle (DM 17.9 million), Wintershall AG, Celle (DM 19.6 million). In addition, this category contains DM 63.4 million of obligations for capital stock subscriptions, mainly to BASF Antwerpen N.V., Antwerp, BASF Holding Aktiengesellschaft, Zurich and BASF-Sümerbank Türk Kimya Sanayii A.S., Istanbul.

6. Other liabilities include wage and salary adjustments, deferred interest payments and other short term liabilities.

Contingent Liabilities

The increase in contingent liabilities from the issue and endorsement of bills is due to the general expansion of our business.

Contingent liabilities from guarantees rose by DM 209.1 million to DM 915.6 million. This increase is due to the asset growth of the BASF Group outside of BASF AG.

The change results mainly from the US\$ 75 million debentures with warrants issued by BASF Overzee N.V., Willemstad.

Bearing interest at 6 per cent this bond issue is divided into 5 series of US\$ 15 million each. The issue consists of 75000 individual bonds with a value of US\$ 1000 each; each US\$ 1000 bond carries three warrants to purchase a total of 16 BASF AG shares with a par value of DM 50 each at the option price of DM 225. The issue matures December 1, 1980, and is un-

conditionally guaranteed by BASF AG. The proceeds from this issue have been used for a portion of the financing of the Wyandotte Chemicals Corporation acquisition. The volume of credits of Basfin Corporation, New York, BASF Corporation, New York, and BASF Systems Inc., Bedford, Massachusetts, guaranteed by BASF AG was reduced so that contingent liabilities from guarantees decreased by DM 73 million.

Contingent liabilities from the granting of collateral security for third parties' liabilities relate mainly to deposits at banks earmarked for foreign currency loans.

Contingent liabilities from guarantees and granting of collateral security for third parties' liabilities are almost exclusively in favor of affiliated companies.

Contingent liabilities not shown in the balance sheet, including collateral for the company's own liabilities, consisted of the following:

| | 1963 DM | million DM |
|--|-------------|---------------|
| Undertaking in favor of BASF Antwerpen N. V., Antwerp | 193 890 150 | (199.6) |
| Undertaking in favor of Ammoniak Unie N. V., Utrecht | 9 168 300 | (16.6) |
| Undertaking in favor of Badische Phillips Petroleum N. V., Antwerp | 11 164 500 | (13.2) |
| Securities pledged with a par value of | 5 250 000 | (1.9) |
| to BASF Health Insurance Fund | | |
| Collateral liabilities from bills of exchange by assignment of receivables | 22 837 000 | (27.4) |
| Collateral for "VII Other Liabilities" by mortgages | 5 566 500 | (7.3) |

Other contingent liabilities existing at the date of the balance sheet were in connection with the provisions of Regulation No. 8 (Pensions) under Allied High Commission Law No. 35, as well as in connection with Article 24, Law on Private Limited Companies, for residual contingent liabilities mainly of the shareholders of Aktionsgemeinschaft Deutsche Steinkohlenreviere GmbH in respect of possible calls on capitals, liabilities under Article 327, Section 4, Corporate Law, arising from the termination of the integration of Phrix-Werke AG, the legal liability from the integration of Chemische Düngerfabrik Rendsburg and the merger of Hauptvertriebsstelle für Düngemittel GmbH, and Alfred Voss GmbH, into BASF AG.

Remuneration of the members of the Board of Executive Directors (Article 160 (3) Section 8 Corporate Law) amounts to DM 3 755 962 for the fiscal year of 1969. Remuneration of former members of the Board and their surviving dependants, including pensions to former members of the board of I.G. Farben Aktiengesellschaft, that are payable by our company pursuant

to Regulation 8 (Pension) under Allied High Commission Law 35 totalled DM 1 732 428 for the fiscal year of 1969.

Remuneration of the Supervisory Board excluding turnover tax, amounted to DM 635 800.

PROFIT AND LOSS STATEMENT

1. *Sales including the turn-over tax are 11.7 per cent higher than last year's; the rate of increase without the turnover tax is 11.3 per cent.*
3. *Other company manufactured capitalized items are up DM 40.8 million over last year and relate exclusively to plant facilities built by ourselves.*
4. *Total sales and operating revenues increased by 14.1 per cent over 1968.*
5. *The higher costs of materials are mainly the results of expanded production.*
7. *Income from profit transfer agreements increased by DM 39.5 million to DM 48.1 million, and relates to the profit of the following companies: BASF Handels- und Export-Gesellschaft mbH, Ludwigshafen, BASF Kraftwerk Marl GmbH, Marl, BASF Nyloprint GmbH, Ludwigshafen, Gewerkschaft Wintershall, Celle, and Rheinische Olefinwerke GmbH, Wesseling. The increase largely reflects the acquisition of Gewerkschaft Wintershall and higher profit achieved by BASF Kraftwerk Marl GmbH and Rheinische Olefinwerke GmbH.*
8. *Income from subsidiaries and affiliated companies consists of dividends paid by Cassella-Farbwerke Mainkur AG, Frankfurt-Fechenheim (DM 1.6 million), Duisburger Kupferhütte, Duisburg (DM 1.0 million), Glasurit-Werke AG, Hamburg (DM 9.6 million), Herbol-Werke Herbig-Haarhaus AG, Cologne (DM 0.9 million), Gewerkschaft Wintershall and Wintershall AG (DM 7.2 million), Westfalenbank AG, Bochum (DM 1.6 million), Alfred Voss GmbH, Hamburg, and Julius Wolf GmbH, Uetersen (DM 4.1 million) and other in-*

vestments (DM 1.4 million).

Foreign subsidiaries and affiliates retained most of their profits to strengthen their financial position.

9. *Income from other financial assets* rose by DM 1.8 million to DM 2.5 million, and consisted exclusively of interest income on loans granted (compare caption B2).

10. *Other interest and similar income* went up by DM 25.4 million to DM 57.1 million, and relates mainly to interest paid on bank deposits.

11. *Valuation adjustments of plant property and investments* include also profits realized on the sale of real estate.

12. *Income from the reversal of provisions* relates to tax and miscellaneous provisions.

13. *Transfers from special reserve* relate to the dissolution of reserves according to paragraphs 6b EStG and Section 35 EStR which – to the extent permitted by tax law – were transferred to other asset items in the form of special depreciation. In addition, these transfers include value adjustments under paragraph 7c EStG.

14. *Other Income* includes DM 27.7 million of sales unrelated to our business plus turnover tax, certain taxes passed on because of taxation pooling (DM 49.8 million) and various other income items not otherwise accounted for.

15. *Wages and salaries* rose by 12.7 per cent, the number of employees by 5.7 per cent.

16. *Compulsory welfare contributions* increased by 15.5 per cent over last year.

17. *Expenditures on contributions to pen-*

sions and assistance are mainly in the form of current payments for pensions, contributions to welfare institutions and allocations to the pension provisions.

These expenditures were higher than last year due to the rise in the number of employees and wage and salary increases.

18.-19. *Depreciation on tangible fixed assets and financial assets* was explained in the notes on fixed assets.

20. *Losses arising from valuation adjustments on current assets other than inventories and reserves for doubtful accounts* increased sharply due to the necessary valuation adjustments on our foreign currency positions. These losses were roughly DM 32 million and resulted principally from the devaluation of the French Franc and the revaluation of the DM. To a large extent these losses will be offset by profits on foreign currency loans which, however, will only be realized as these loans are paid off in future years. This position also includes book losses on our marketable securities (DM 5.8 million), reserves for general credit risks, valuation adjustments on specific accounts receivable and defaults.

21. *Losses on the disposal of fixed assets* were incurred in conjunction with the modernization of our plant facilities. As compared to last year, such losses decreased by DM 7.8 million.

22. The increase in *interest and similar charges* relative to last year is due to the increase of our interest bearing liabilities and to the higher level of interest rates.

23. (a) *Taxes on income and property*

include DM 11.0 million from the accounting settlement with companies with which we have taxation pooling, DM 50.1 million taxes not based on earnings and DM 2.0 million taxes for prior years.

23. (b) The increase of *Other Taxes* is almost exclusively due to the special turnover tax (DM 50.5 million) and the corporation tax resulting from the capital stock increase. The total turnover tax, which is mostly shown under other captions of the profit and loss statement, amounts to about DM 335 million, excluding companies with which we have taxation pooling and including the self-consumption tax on capitalized items. The deductible tax levied at earlier production stages amounts to almost DM 259 million, the tax relief on imported goods to DM 16 million. Included are DM 39 million turnover taxes related to companies with which we have taxation pooling; the deductible tax levied at earlier stages amounts to DM 21 million.

24. *Equalization of Burdens Property Levy* went up by DM 0.1 million to a yearly total of DM 10.5 million as a result of the merger of Gewerkschaft Thea, Berlin/Kassel into BASF AG.

25. *Loss assumptions from affiliates* relate to LUWOGE Wohnungsunternehmen GmbH Ludwigshafen.

26. *Allocations to special reserve* consist of allocations according to paragraph 6b EStG (profit realized on the sale of our participation in Indanthrenhaus Hamburg GmbH, Hamburg, and from the sale of real estate) according to paragraph 1 Development Aid Tax Law (BASF Española S. A.,

Barcelona, BASF-Sümerbank Türk Kimya Sanayii A. S., Istanbul) and according to Section 35 EStR (book profit realized from insurance claims on damage to plant).

27. (a) *Wages paid to outside labor and costs of repair work* carried out by outside contractors increased by DM 38 million over last year.

27. (b) *Miscellaneous expenses* consist of shipping expenses and freight (about DM 247 million), rents and leases (about DM 42 million), licenses (about DM 13 million), commissions to agents, sales promotion and advertising, costs of money transactions, insurance premiums, fees, contributions etc. Furthermore, other expenses includes cost of sales unrelated to our business (compare caption 14) unless they have to be reported under a specific expense category. Also included is a charge of DM 28 million against after-tax income corresponding to the difference between the net asset values of Gewerkschaft Thea, Berlin/Kassel and of Alfred Voss GmbH, Hamburg, (both merged into BASF AG) and the par value of the BASF AG shares issued in exchange. By its nature this charge represents the formation of a reserve.

28. Net income for the year exceeds last year's by about DM 16 million
and amounts to DM 354 220 623

29. Added to the profit carry-forward from previous year of DM 108 711
this amounts to a total of DM 354 329 334

30. Allocation to the free reserve is DM 62 000 000

31. The profit available for dividend for the fiscal year amounts to DM 292 329 334
We propose to distribute from this profit a dividend of DM 11.- per share of DM 50.- par value. If the proposal is accepted the total amount of dividend payable on the capital stock of DM 1 328 333 650 will be DM 292 233 403
After paying out the proposed dividend there remains an unappropriated profit of DM 95 931

We propose that this balance be carried forward to new account.

**CONSOLIDATED
FINANCIAL STATEMENTS
1969**

**Badische Anilin- & Soda-Fabrik AG and Consolidated German
Subsidiaries. Balance Sheet at December 31, 1969**

Assets

| | As of Dec. 31, 1969 | As of Dec. 31, 1968 |
|--|------------------------|------------------------|
| | DM | TDM |

I. Fixed Assets

A. Tangible and intangible

| | | |
|---|----------------------|------------------|
| 1. Real estate and equivalent rights with office, factory and other buildings | 915 235 623 | 726 412 |
| 2. Real estate and equivalent rights with residential buildings | 58 774 978 | 39 369 |
| 3. Real estate and equivalent rights without buildings | 56 295 536 | 42 240 |
| 4. Buildings on real estate not owned by BASF AG which do not come under No. 1 or 2 | 19 703 033 | 1 842 |
| 5. Machinery, plant and equipment | 1 691 384 699 | 1 360 312 |
| 6. Factory and office equipment | 122 696 281 | 101 559 |
| 7. Plant under construction and advances for plant | 308 574 198 | 108 111 |
| 8. Concessions, industrial property rights, and similar rights and licences under such rights | 3 760 036 | (1,-) |
| 9. Special mining property | 30 913 398 | 34 226 |
| | <u>3 207 337 782</u> | <u>2 414 071</u> |

B. Financial

| | | |
|---|----------------------|----------------|
| 1. Affiliated companies | 1 306 466 412 | 724 946 |
| 2. Securities | 2 571 753 | - |
| 3. Loans for a term of at least four years (DM 28 290 654 secured by mortgages on real estate) | 84 909 259 | 82 285 |
| | <u>1 393 947 424</u> | <u>807 231</u> |

C. Consolidation Debit Excess

| | | |
|--|----------------------|------------------|
| | 47 055 987 | 191 720 |
| | <u>4 648 341 193</u> | <u>3 413 022</u> |

II. Current Assets

A. Inventories

| | | |
|--|-------------|---------|
| 1. Raw materials, supplies, finished products and goods for resale | 890 336 579 | 622 122 |
| 2. Unfinished services and uncompleted contracts | 48 735 201 | 29 045 |

B. Other Current Assets

| | | |
|--|----------------------|------------------|
| 1. Advances paid | 16 662 663 | 10 615 |
| 2. Accounts receivable for sales and services (DM 26 726 598 with a residual term of more than one year) | 837 309 180 | 578 966 |
| 3. Bills receivable (DM 14 201 845 rediscountable at the Federal Bank) | 45 800 921 | 27 315 |
| 4. Cash on hand, balances at the Federal Bank and in postal checking accounts | 2 719 157 | 1 345 |
| 5. Cash at banks (DM 35 852 311 committed) | 450 468 249 | 327 830 |
| 6. Securities | 123 086 647 | 90 559 |
| Subtotal items 3-6: Cash and cash equivalents | 622 074 974 | 447 049 |
| 7. Amounts owing by affiliated companies | 473 912 308 | 252 046 |
| 8. Receivables resulting from loans granted under (a) paragraph 89, Corporate Law (b) paragraph 115, Corporate Law | 1 665 458 | 1 264 |
| 9. Other assets | 11 530 843 | - |
| | 191 109 215 | 75 940 |
| | <u>3 093 336 421</u> | <u>2 017 047</u> |

III. Deferred Charges

| | | |
|--------------|-------------------|---------------|
| 1. Discounts | 11 741 939 | 11 371 |
| 2. Others | 6 431 356 | 3 588 |
| | <u>18 173 295</u> | <u>14 959</u> |

| | | |
|--|---------------|-----------|
| | 7 759 850 909 | 5 445 028 |
|--|---------------|-----------|

| | As of Dec. 31, 1969 DM | As of Dec. 31, 1968 TDM |
|---|------------------------------|-------------------------------|
| Liabilities | | |
| I. Capital Stock | 1 328 333 650 | 1 197 908 |
| Conditional capital DM 96 946 500 | | |
| II. Reserves | | |
| 1. Statutory reserve | 798 596 615 | 749 097 |
| 2. Free reserve (as of January 1, 1969) | 629 000 000 | 554 000 |
| Profit transferred to reserve | 62 000 000 | 75 000 |
| | 691 000 000 | 629 000 |
| | 1 489 596 615 | 1 378 097 |
| III. Minority Interests | | |
| 1. Capital | 90 629 633 | 5 970 |
| 2. Profit | 6 971 954 | 344 |
| 3. Loss | ¾ 4 625 431 | — |
| | 2 346 523 | 344 |
| | 92 976 156 | 6 314 |
| IV. Special Reserve | 35 283 798 | 25 069 |
| (as provided in Articles 6 b and 7 c, Income Tax Law, Section 35, Income Tax Directive, and Article 1, Development Aid Tax Law & Section 15 Berlin Aid Law) | | |
| V. Composite-Rate Value Adjustment on Accounts Receivable | 23 574 084 | 17 330 |
| VI. Accruals | | |
| 1. Pension | 355 125 165 | 270 139 |
| 2. Other | | |
| (a) for taxation | 241 722 259 | 247 578 |
| (b) for postponed maintenance work | 10 620 940 | 10 206 |
| (c) miscellaneous | 365 322 352 | 168 058 |
| | 617 665 551 | 425 842 |
| | 972 790 716 | 695 981 |
| VII. Liabilities for a Term of at least Four Years | | |
| 1. Bonds | 453 904 000 | 377 404 |
| (DM 156 700 000 secured by mortgages) | | |
| 2. Debentures | 351 818 000 | 319 568 |
| (DM 163 900 000 secured by mortgages) | | |
| 3. Liabilities to banks | 1 294 894 892 | 302 331 |
| (DM 173 084 291 secured by mortgages) | | |
| 4. Debts profit levy | 285 652 | 121 |
| 5. Loans from BASF Pension Fund | 175 455 707 | 127 159 |
| (DM 469 412 secured by mortgages) | | |
| 6. Other | 38 223 681 | 29 139 |
| (DM 30 373 813 secured by mortgages) | | |
| Item 1-6 comprise DM 858 881 257 due within less than four years | 2 314 581 932 | 1 155 722 |
| VIII. Other Liabilities | | |
| 1. Accounts payable for purchases and services | 467 013 095 | 237 662 |
| 2. Liabilities from the acceptance and the issue of bills | 52 911 910 | 32 360 |
| 3. Liabilities to banks | 146 355 225 | 135 415 |
| 4. Advances received | 38 601 839 | 24 509 |
| 5. Amounts owing to affiliated companies | 119 991 513 | 50 298 |
| 6. Other | 323 779 296 | 186 764 |
| | 1 148 652 878 | 667 008 |
| IX. Deferred Income | 576 404 | 41 |
| X. Profit available for dividend | 353 484 676 | 301 558 |
| | 7 759 850 909 | 5 445 028 |
| 1. Liabilities from the issue and endorsement of bills | 258 123 496 | 181 655 |
| 2. Liabilities from guarantees | 958 641 349 | 653 294 |
| 3. Liabilities from the granting of collateral security for third parties' liabilities | 38 099 937 | 35 628 |
| Present value of the Equalization of Burdens Property Levy | 124 105 693 | 105 642 |
| Quarterly amount of the Equalization of Burdens Property Levy | 4 091 316 | 3 210 |

**Badische Anilin- & Soda-Fabrik AG and Consolidated German
Subsidiaries. Statement of Consolidated Income for the year ended
December 31, 1969**

| | 1969 | DM | DM | DM |
|---|----------------------|---------------|---------------|---------------|
| 1. Sales | | | | |
| (a) Sales revenues including turnover tax | 7 126 164 809 | | | |
| (b) Turnover tax | <u>% 473 225 729</u> | 6 652 939 080 | | |
| 2. Cost of materials (including changes in inventories) and other charges (net) not shown separately below | | 3 442 067 624 | 3 210 871 456 | 3 210 871 456 |
| 3. Income from profit transfer agreements | 38 808 414 | | | |
| 4. Income from subsidiaries and affiliated companies not included in the consolidated accounts | 29 827 255 | | | |
| 5. Income from other financial assets | 4 975 560 | | | |
| 6. Other interest and similar income | 69 847 662 | | | |
| 7. Valuation adjustments of plant property and investments | 47 200 213 | | | |
| 8. Reversal of provisions | 62 528 419 | | | |
| 9. Other income | 185 174 266 | 438 361 789 | | |
| | | 3 649 233 245 | | |
| 10. Wages and salaries | 1 248 275 785 | | | |
| 11. Compulsory welfare | 140 511 024 | | | |
| 12. Pensions and assistance | 74 006 249 | | | |
| 13. Depreciation on tangible fixed assets | 577 592 459 | | | |
| 14. Write downs and other valuation adjustments of investments | 25 009 551 | | | |
| 15. Interest and similar expenses | 188 303 297 | | | |
| 16. Taxes | | | | |
| (a) on income and property | 422 309 820 | | | |
| (b) other | <u>474 229 925</u> | 896 539 745 | | |
| 17. Equalization of Burdens Property Levy | 16 390 807 | | | |
| 18. Assumption of losses of affiliates | 600 000 | | | |
| 19. Payments according to profit transfer agreements | 41 511 | 3 167 270 428 | | |
| 20. Profit for the fiscal year | 481 962 817 | | | |
| 21. Profit carry-forward | | 6 185 635 | 488 148 452 | |
| 22. Withdrawals from reserve accounts | | | 4 166 | 488 152 618 |
| 23. Allocations to free reserve accounts | | | 132 321 419 | 355 831 199 |
| 24. Minority interest | | | 2 346 523 | 353 484 676 |
| 25. Profit available for dividend | | | | |

1968

| TDM | TDM | TDM |
|-----------|-----------|-----|
| 4 768 737 | | |
| % 257 065 | 4 511 672 | |
| | | |
| 2 206 056 | 2 305 616 | |
| | 2 305 616 | |
| 6 205 | | |
| | | |
| 2 893 | | |
| 843 | | |
| 33 736 | | |
| 6 094 | | |
| 11 064 | | |
| 91 888 | 152 723 | |
| | 2 458 339 | |
| 945 505 | | |
| 97 295 | | |
| 53 567 | | |
| 466 914 | | |
| 1 432 | | |
| 113 485 | | |
| | | |
| 347 173 | | |
| 47 698 | 394 871 | |
| | 12 857 | |
| | | |
| 42 | 2 085 968 | |
| | 372 371 | |
| | 13 941 | |
| | 386 312 | |
| | 279 | |
| | 386 591 | |
| | 84 689 | |
| | 301 902 | |
| - | 344 | |
| | 301 558 | |

The consolidated statement of accounts and the consolidated report to shareholders follow all legal requirements according to our obligatory examination.

Stuttgart, March 23, 1970

Schwäbische Treuhand-Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft – Steuerberatungs-
gesellschaft
(Certified Public Accountants – Tax Consultants)

Prüsener Dr. Frey
Certified Public Accountant Certified Public Accountant

Ludwigshafen am Rhein, March 16, 1970

The Board of Executive Directors

REPORT OF THE SUPERVISORY BOARD

During the period under review the Supervisory Board has constantly looked into the management of the Company's affairs by meeting regularly with the Board of Executive Directors and studying the latter's written and verbal reports.

The Supervisory Board has examined the Annual Report of BASF AG and Consolidated German Subsidiaries, the Annual Report of BASF AG and the proposal for the appropriation of profit. The books, the Statement of Accounts, the Annual Report of BASF AG and Consolidated German Subsidiaries and the Annual Report of BASF AG have been examined by Schwäbische Treuhand-Aktiengesellschaft, the auditors appointed by the Annual General Meeting, and have been given unqualified confirmation.

After conclusion of our own examination we concur with the result obtained by the auditors and see no grounds for objection thereto.

We have approved the Annual Statement of Accounts drawn up by the Board of Executive Directors, which is thus final, and concur with the proposal of the Board of Executive Directors regarding the appropriation of profit.

According to paragraph 104 section 2 Corporate Law the local court of Ludwigshafen has appointed Dr. rer. pol. Kurt Hohenemser, Frankfurt, member of the Supervisory Board, effective October 28,

1969; he is replacing the deceased member of the Supervisory Board Helmuth Henze.

According to paragraph 7 number 2 of the By-Laws the term of the present Supervisory Board expires on May 26, 1970, the day of the Annual Meeting. Therefore the stockholders' meeting has to elect a new Supervisory Board. Dr. rer. pol. h. c. Hermann J. Abs, Dr. jur. Hans Karl von Mangoldt-Reiboldt and Dr. jur. Julius Overhoff have asked not to be reelected. The Supervisory Board wishes to express its sincere appreciation and gratitude for the valuable services rendered to the Company by these Gentlemen.

Ludwigshafen am Rhein, March 24, 1970

The Supervisory Board

Ten-year review – BASF AG

Figures in millions of DM

Sales and Earnings

| | 1960 | 1961 | 1962 |
|----------------------------|-------|-------|-------|
| BASF AG sales ¹ | 2 356 | 2 264 | 2 412 |
| Income before taxes | 376 | 326 | 382 |
| Taxes | 220 | 186 | 203 |
| Net income after taxes | 156 | 140 | 179 |

Assets

| | 1960 | 1961 | 1962 |
|---|--------------|--------------|--------------|
| Tangible and intangible fixed assets | 1 266 | 1 490 | 1 520 |
| Financial assets ² | 177 | 205 | 236 |
| Fixed assets | 1 443 | 1 695 | 1 756 |
| Inventories and unfinished services and uncompleted contracts | 372 | 406 | 371 |
| Receivables and other current assets ³ | 493 | 478 | 421 |
| Cash and cash equivalents | 226 | 399 | 263 |
| Current assets (including deferred charges) | 1 096 | 1 283 | 1 055 |
| Total | 2 539 | 2 978 | 2 811 |

Capital

| | 1960 | 1961 | 1962 |
|---|--------------|--------------|--------------|
| Capital stock | 700 | 800 | 800 |
| Reserves | 459 | 675 | 676 |
| Retained earnings for the year | 30 | 1 | 35 |
| Equity | 1 189 | 1 476 | 1 511 |
| Special Reserve | 23 | 19 | 14 |
| Accruals | 480 | 491 | 396 |
| Liabilities for a term of at least four years | 721 | 852 | 746 |
| Other liabilities | 126 | 140 | 144 |
| Dividend paid | 1327 | 1 483 | 1 286 |
| Total liabilities | 2 539 | 2 978 | 2 811 |

Capital Expenditures and Depreciation

| | 1960 | 1961 | 1962 |
|--------------------------------------|------|------|------|
| Expenditure on tangible fixed assets | 415 | 446 | 275 |
| Depreciation and retirements | 209 | 222 | 245 |

¹ Until 1965 gross figures before rebates, discounts and other allowances; since 1968 without turnover tax

² Until 1965 only investments in affiliated companies and loans similar thereto

³ After value adjustments

| 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 |
|-------|-------|-------|-------|-------|-------|-------|
| 2 649 | 3 031 | 3 261 | 3 440 | 3 670 | 4 057 | 4 516 |
| 415 | 502 | 507 | 501 | 507 | 674 | 660 |
| 218 | 262 | 224 | 254 | 247 | 336 | 306 |
| 197 | 240 | 283 | 247 | 260 | 338 | 354 |
| | | | | | | |
| 1 605 | 1 815 | 2 160 | 2 331 | 2 235 | 2 149 | 2 385 |
| 236 | 275 | 530 | 685 | 916 | 1 155 | 1 834 |
| 1 841 | 2 090 | 2 690 | 3 016 | 3 151 | 3 304 | 4 219 |
| 376 | 456 | 585 | 615 | 610 | 561 | 727 |
| 478 | 528 | 587 | 572 | 688 | 832 | 1 188 |
| 254 | 322 | 334 | 364 | 357 | 418 | 437 |
| 1 108 | 1 306 | 1 506 | 1 551 | 1 655 | 1 811 | 2 352 |
| 2 949 | 3 396 | 4 196 | 4 567 | 4 806 | 5 115 | 6 571 |
| | | | | | | |
| 800 | 800 | 1 100 | 1 148 | 1 178 | 1 198 | 1 328 |
| 711 | 764 | 938 | 1 187 | 1 279 | 1 303 | 1 428 |
| 53 | 80 | 83 | 17 | 24 | 75 | 62 |
| 1 564 | 1 644 | 2 121 | 2 352 | 2 481 | 2 576 | 2 818 |
| 9 | 5 | 5 | 6 | 5 | 8 | 18 |
| 397 | 455 | 393 | 436 | 466 | 605 | 618 |
| 835 | 1 132 | 1 477 | 896 | 939 | 990 | 1 894 |
| 144 | 160 | 200 | 230 | 236 | 263 | 292 |
| 1 376 | 1 747 | 2 070 | 2 209 | 2 320 | 2 531 | 3 735 |
| 2 949 | 3 396 | 4 196 | 4 567 | 4 806 | 5 115 | 6 571 |
| | | | | | | |
| 327 | 491 | 705 | 606 | 385 | 362 | 663 |
| 242 | 281 | 360 | 435 | 481 | 448 | 455 |

